

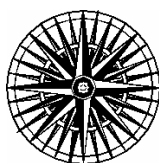
*Report to World Bank infoDEV Programme*

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**From Accounting to Accountability:  
Managing Accounting Records  
as a Strategic Resource**

**ZIMBABWE: A CASE STUDY**

*[infoDEV No. 257-980121]*



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**International Records Management Trust  
Rights and Records Institute  
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## **Responsibility**

Although this study is funded by the World Bank *infoDEV* Programme, the Bank bears no responsibility for, and is not in any way committed to, the views and recommendations expressed herein.

# EXECUTIVE SUMMARY

## Overview of the issues

Donors have invested heavily in promoting the reform of government accounting systems in sub-Saharan Africa. Many efforts to strengthen financial controls fail because the fundamental structures needed to underpin them are often overlooked; this includes record keeping. Administrators, donors and other stakeholders need to know why this is the case; moreover, tools are required to improve the success rates of such projects.

A fundamental problem is how the accounting information is managed to ensure that it is readily accessible and meets legal and audit requirements. As recent research has shown, there is a relationship between chaotic paper record systems and the success or failure of automation projects.<sup>1</sup> A key area for investigation will be the optimal way of designing the linkages between the paper-based parts of accounting systems, which may be mainly located in the regions and districts, and the computerised parts, located mainly in the capitals.

The objective of the research is to contribute to the improvement of government financial accountability. It will analyse the quality of records required by government accounting systems to strengthen public sector financial management and to support the decentralisation of government. On the basis of these findings it will produce a reference model for integrating records management into accounting system reform projects. The model will set down the requirements for managing accounting records and provide tools to audit the effectiveness of record keeping systems and the capacity for records management programmes to monitor and evaluate these systems.

## Scope of the report

This report covers a field study visit by Kimberly Barata, Piers Cain and Mary Serumaga from 19 July – 6 August 1999. The purpose of this visit was to:

- identify the automated and paper systems used to support financial management functions in the Ministry of Finance and one revenue and one expenditure department
- interview individuals involved in financial control including accounting officers in selected line agencies and internal and external auditors
- assess the requirements for arranging and managing the financial records that relate to each function

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<sup>1</sup> Piers Cain and Anne Thurston. *Personnel Records: A Strategic Resource for Public Sector Management in Developing Countries (with Case Studies from Uganda, Ghana, and Zimbabwe)*. Current Good Practices and New Developments in Public Sector Management Series (London: Commonwealth Secretariat, 1998); Kimberly Barata, Piers Cain and Anne Thurston. *Accountability and Public Sector Management: The Management of Financial Records in sub-Saharan Africa: Final Report* [ESCOR R7063]. Report to the Department for International Development (London: IRMT, December 1998).

- examine the design for the integrated computerised planning, budgeting and accounting system which will be piloted in the Ministry of Education, Sports and Culture in December 1999
- identify relevant areas of government to participate in testing exercises
- secure support from the Accountant General and Auditor General to test project tools during the second visit.

This was planned to be the first of two field visits to develop a case study of financial accountability and records in Zimbabwe.

This report covers an initial review of accounting records systems in the Government of Zimbabwe. It represents the first stage of an investigation to produce a case study on financial management accountability and record keeping in the Zimbabwe public service. The issues identified will contribute to the development of a reference model to define best practice for integrating records management into accounting system reform projects.

The Accountant General has primary responsibility for the maintenance of central and departmental accounting systems. A study was made of the Government's accounting system and the records generated and used. In particular, the main documentation flows examined were payments, revenue, payroll and pensions. Information flow diagrams are assembled in Appendix D, F and G.

## **Conclusions: Records Management Programme**

The creation and maintenance of records, and the provision of access to them, is an integral part of any financial system, whether paper or electronic or a mixture of both. Record keeping underpins financial systems and provides the means by which decisions and transactions may be verified and reported upon. Records provide the foundation for accountability. In Zimbabwe, the records management system that should support the goals of the accounting system has weaknesses; thus the Government's fiscal accountability is vulnerable.

The National Archives of Zimbabwe has responsibility for providing a records and information management service to government ministries and departments, local authorities and parastatals. Interviews revealed that many accounting and registry staff in the ministries are unaware of the services provided by the National Archives. The National Archives Records Centre does have an inspectorate role, of which the inspection plan provides evidence of best practice. However owing to resource constraints, the present system is too irregular and unsystematic to be effective and those inspections that are completed are meaningless because officials do not take account of recommendations.

Despite efforts, the National Archives is not realising its full leadership potential. There is little problem with records staff obtaining basic introductory training in registry services and records management. Yet there is a need to take training further and look more critically at how records are created and kept by the departments. In addition, there is a need for the National Archives to encourage ministries to ensure that accounting clerks with responsibility for financial records receive available introductory training in keeping records. Reciprocally,

the National Archives Records Centre needs to appoint a financial records specialist to advise on the management of these classes of records.

Many aspects of the Government's accounting system clearly work well and there are lessons on best practice that can be learned. However, the records management system that should support the goals of the accounting system is weak. The origin of this problem is that accounting clerks do not receive training in how to manage records properly. The research demonstrates that the absence of tracking systems is a key factor in explaining why accounting systems are failing to perform adequately. It also supports the need for a planned process of evaluating and monitoring record keeping systems. Where problems occur, there is no recognised authority that can enforce compliance with records legislation or pursue disciplinary action. Increasingly, this can become a problem that can undermine the Government's plans to successfully implement a strategic countrywide computerised financial management system. This will also have consequences for the Government's ability to be transparent and demonstrate financial accountability to citizens.

## **Conclusions: Financial Management Issues**

Zimbabwe is considering options to focus government expenditure on essential services and accelerate privatisation in order to increase efficiency. This report situates the findings within this policy context. It also considers the legislative environment that exists that supports record keeping in assisting the government in meeting its financial management objectives.

The Government of Zimbabwe provides an example of a well-documented manual batch accounting system that depends upon mainframes for the final processing of accounting information. However, the Government is facing difficulties controlling and managing expenditure within all of its ministries. A contributing factor, as the Government's accounting system clearly illustrates, is the absence of a records management programme for financial records. It is clear from the Comptroller and Auditor-General's report that this gap in the financial management infrastructure leads to information not being accessed in a timely and efficient manner.

Most ministries in Zimbabwe have registries to manage correspondence, but financial records are not managed as part of these systems. Officials' concern for the security of financial records prevents them from being stored outside of the accounting office until after audit. This is a problem because clerical accounting staff are not trained adequately to manage records in a consistent way. The *Financial Instructions* and *Accounting Manual* offer only limited guidance. However, the fact that the procedures set out in the *Financial Instructions* and *Accounting Manual* are consistently followed in most ministries indicates the strength of the existing system.

The payments system works well and the accounting clerks are knowledgeable about the system. However, the system is not integrated. Manual systems are used to capture and summarise transactions. Centralised data capture occurs only at the point at which transactions are authorised for payment. As a result, the system does not provide adequate information on which to base decisions affecting financial management.



To address this issue, the Ministry of Finance has commissioned a computerised integrated Public Financial Management System (PFMS). The PFMS is intended to provide Zimbabwe with a modern accounting and financial management system that will have access to all the line ministries' financial information and be able to control, monitor and supervise the management of public funds. The design of the proposed system has real strengths and should reflect financial performance more accurately although it may not fully meet the requirements for financial accountability. The PFMS system specification has extensive reporting requirements, much of which consist of printed reports that are required for accountability purposes. Current planning does not take account of the management of the outputs of this system.

The Department of Customs and Excise provided an example of revenue administration. Officials admit that there is no effective records management system to control Bills of Exchange and other transaction records. The situation is similar to that found in the payments section where officials keep transaction records in offices, but have no training in records management. Registries exist to control correspondence records. The central registry in Customs and Excise carries out regional inspections and offers an example of best practice in terms of how inspections are carried out. However, the registry supervisor has no influence in bringing transaction records held in the department's offices under control.

The human resource function is made up almost entirely of manually based processes that feed into a central computer system that processes the Government's salary bill. Payroll procedures are clear and well understood. However, there are problems in querying files because the registry system has become highly congested, making information retrieval difficult. Similarly, information flows throughout the pension system are slow. Transaction records are not managed by the registry system and much staff time is lost searching for files.

## **Summary of Conclusions**

The accounting system used in Zimbabwe is an example of a well-documented manual batch accounting system that depends upon mainframes for the final processing of accounting information. In the case of Zimbabwe, the Financial Instructions and Accounting Manual document plainly the relationships between the various components of the accounting system. Clerks were clear, for the most part, about how the current system operates and where they fit into the process. If adhered to, these instructions and the procedures for carrying them out should lay a path from which one can easily trace document flows and compile the record of a transaction.

The records management system that should support the goals of the accounting system is weak. Initial findings reveal a split between how accounting units manage transactional records and the method departmental registries use to control correspondence and other documents (eg policy documents and so on). Registries employ standard controls to manage records. These controls include: registration, classification, indexing, tracking and appraisal and disposal of records. However, transaction records are kept in a different way. Because officials are concerned about the security of transaction records, accounting clerks keep them separately in offices. This is a problem because clerks do not receive training in how to control records properly and they do not work with records staff to establish appropriate systems to cope with the large volume of paper inputs and outputs of the system.

Communications with the regions is a key issue, particularly as evidenced in sectors such as education where accounting information is being sent regularly into the parent ministry to be aggregated and processed centrally. Delays in communicating and recording commitments are often an important factor in over-expenditure. As a result, the ability to track transactions through the system is a critical issue. Because accounting staff do not employ systems to register and track records, it is difficult, if not impossible, to retrieve them for audit purposes and other inquiries. The research demonstrates that the absence of tracking systems is a key factor in why accounting systems fail to perform adequately.

The findings also support the need for a planned process of evaluating and monitoring record keeping systems. The ability to evaluate and monitor is a critical component of any systematic approach to capacity building. Zimbabwe is a source of best practice in this area because the Records Centre does have a formal method for inspecting record keeping systems. However, they do not have the resources to ensure that this programme is fully operational and can meet demand. One outcome of the research will explore the importance of the Auditor General's reports in identifying key areas for attention, thus enabling the National Archives to prioritise interventions.

The Ministry of Finance is in the process of taking the next step in automating its processes by commissioning the development of an integrated financial management system. The planned integrated system is intended only to automate existing procedures, eliminate unnecessary steps and close gaps in the system. While the Accounting manual will need to be updated in accordance with these changes, the guidance offered will, fundamentally, stay the same. In addition to having the basic foundations of a good system, there is evidence of substantial process analysis and there appears to be strong project management for the implementation of an integrated financial management system.

With regard to the system's compliance with records management principles, Standing Instructions for accounting records exist, but will need to be revised accordingly. The main problem between the planned integrated system and the records management programme is the lack of knowledge about the latter's existence. As a result, the records management requirements for financial records have not been taken into account in the development of the new system.

## **PART ONE: INTRODUCTION**

### **Methodology**

Kimberly Barata, Research Officer for the International Records Management Trust – Rights and Records Institute, and Mary Serumaga, MS Associates in Uganda carried out the study with the supervision of Piers Cain, Director of Research, Development and Education for the Institute, the guidance of Dr Anne Thurston, Executive Director of the Trust, and with support from Dawn Routledge, Research Assistant for the Institute.

The field work was carried out to produce a case study on financial management accountability and record keeping in the Government of Zimbabwe. Information gathered will provide the basis for the development of tools to strengthen public sector financial record keeping in support of financial accountability. The fieldwork was necessary to ensure that the tools will reflect accurately the practical concerns and local realities in Zimbabwe.

Ms Barata, Mr Cain and Ms Serumaga spent a total of three weeks in Harare. Ms Serumaga, acted as the local research adviser. The local research adviser provided an invaluable ‘reality check’ on who should be interviewed, how interviews should be approached and whether the information obtained in those interviews was accurate, well founded and related to local realities. The Accountant General and Auditor General participated along with senior members of their staff. Senior officials from the Ministry of Finance, Office of the Comptroller and Auditor General, National Archives, Ministry of Public Service, Labour and Social Welfare and the Ministry of Education, Sport and Culture also provided important insights.

The work programme involved:

- interviewing officials of the Ministry of Finance with responsibility for administration and finance for the Ministry; civil servants of the Office of the Comptroller and Auditor General responsible for external audits of manual and electronic systems; officials of the Ministry of Education, Sport and Culture responsible for the administration and finance, auditing and registry management; representatives of the Customs and Excise Department responsible for administration and finance, auditing and registry management; and representatives of aid agencies
- documenting manual and computerised financial management systems and internal user requirements
- consulting the National Archives on records management training and practice
- identifying relevant financial management systems that would provide appropriate test sites.

## ***Limitations of Study***

It was originally intended that the study would be completed by a second field visit. Unfortunately, owing to unforeseen circumstances, it has not been possible to carry out the second visit. Consequently, there are a number of issues that have not been fully explored.

## **Policy Context**

The field research for this case study was carried out in the summer of 1999. Already Zimbabwe was facing a fiscal crisis that required urgent action to avoid triggering an accelerated growth of poverty. By then it was clear that governance issues would be decisive in shaping Zimbabwe's future. Decentralisation, accountability, policy-making and corruption were emerging as challenges for the Government. Capacity issues were also of great concern, including the capacity for the Government to manage its finances. The Government was already facing difficulties controlling and managing expenditure within all of its ministries.

The Government of Zimbabwe has operated with an unsustainable gap between government income and spending since 1985. In 1991, the Government launched an Economic Structural Adjustment Programme (ESAP) to promote growth with equity. Progress was made in deregulation and external trade reforms, but poor economic performance in drought years, continued parastatal losses, and slow civil service reforms prevented a reduction in the fiscal deficit.

During 1997, a number of government decisions, including un-budgeted payments of pension arrears to war veterans, and the listing of 1,471 private farms for compulsory acquisition, undermined foreign and domestic investor confidence in government policy-making and there was a run on the currency. Since then, poor export performance, continued public enterprise losses, a series of government decisions on food and energy prices and tax concessions, as well as the intervention in the Democratic Republic of Congo and concerns about corruption, continued to weaken confidence. As a result, in 1998 the Zimbabwe dollar depreciated by 60% and inflation rose to over 40%. By early 1999, interest payments on domestic public sector debt were rising sharply and threatened further increases in the fiscal deficit, interest rates and inflation.

To address this fiscal crisis, Zimbabwe was considering options to curb public enterprise losses, focus government expenditure on essential services and accelerate privatisation in order to increase efficiency. Lending agencies recommended improved budgetary planning and expenditure management, including analysis of the impact of poverty on different programmes.

Policy analysts stressed the need for government commitment to clearer poverty reduction targets with improved co-ordination between ministries. Effective implementation would require greater participation by beneficiaries, the private sector and civil society in decision-making and service delivery. The Government's achievements in expanding services to its people had been impressive, but were beginning to fade with capacity constraints and lack of resources.

Since the research team's field visit, Zimbabwe has been confronted by an increasingly worsening financial crisis. It is facing chronic fuel and foreign exchange shortages that are paralysing much of the economy. By February 2000 it was estimated that the Government faced more than \$1 billion of domestic debt. Subsequent, political, diplomatic and economic developments have accentuated the problems identified in the summer 1999. The catastrophic decline in the value of the Zimbabwean dollar has caused enormous problems for government finances.

## **Financial Management Objectives and Issues of the Government of Zimbabwe**

Zimbabwe is facing difficulties controlling and managing expenditure within all of its ministries. There are a range of factors indicating a widespread failure to manage public funds adequately.<sup>2</sup>

### ***Overview of Public Sector Accounting and Auditing***

The Accountant General's Office was established in 1987 as a component of the Ministry of Finance without separate legal status. The Accountant General has primary responsibility for the maintenance of central and departmental accounting systems. The Accountant General's Department is divided into three main units: Consolidated Accounts and Policy; Aid Accounting, Funds and Parastatals; and Government Accounting Services (see Appendix C for organisational charts). Broadly, the Accountant General's Department has two main aims:

- accounting for all funds
- developing accounting systems throughout government.

At present, the Department operates a cash accounting system with modifications (ie it runs a commitment system, but does not make available all the information). On a monthly basis, the Accountant General is responsible for consolidating the figures and producing a report that summarises revenue, expenditure and deficit. The report is taken to the budget committee for review before it is discussed with the Ministry of Finance. If necessary, the report may pass to Parliament.

The Accountant General's Department accounts for all funds through:

- *Cash Management:* The Accountant General works with the Reserve Bank to develop cash flow. At present the Government is both running an overdraft and is issuing treasury bills.
- *Debt Management:* The External Loans Co-ordination Committee (ELCC), the Ministry of Finance and the Reserve Bank handle Debt jointly. All loans above a certain threshold go through this review. The Accountant General keeps all the ledgers.

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<sup>2</sup> Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998)

- *Foreign Aid Management:* Within the Aid Accounting, Funds and Parastatals section of the Accountant General's Department, the National Development Fund (NDF) handles what is mostly trust accounts for the consolidated review fund and the cash management for foreign aid. The Accountant General is responsible for accounting for these resources, most of which are not channelled through the budget. Instead, budgeting is managed through the nominal vote (ie Vote of Credit portion of budget allocations). The Vote of Credit is created to estimate donor funds and consolidate them into one vote and then transfer funds to the appropriate ministries handling donor-funded projects. Note: The NDF handles over 2,300 donor-funded projects (both on-going and complete). During one interview, it was revealed that the NDF does not receive completion reports from the ministries. This results in the NDF having to keep files open that should be closed after four or five years. To date, all project files dating from Independence in 1980 remain open.
- *Revenue Administration:* The Accountant General accounts for all revenue, approximately 80% of which comes from customs and taxes and 20% from ministry assets and services. New legislation is being developed that includes the formation of a National Revenue Authority to reconcile customs and taxes; VAT is being introduced.
- *Accounts Administration:* The Tender Board collects all tender bids and ensures neutrality. It is regulated by the Accountant General's Department which deals with issues pertaining to the rules and regulations governing procurement. The central stores have been dissolved due to inefficiency. Amongst other problems, the stores staff were deliberately not keeping records.
- *Internal Audit:* The Accountant General co-ordinates with internal auditors working in the line ministries. In Zimbabwe, internal audit is principally a post and not a pre-audit function; it is not comprehensive. Broadly, the Accountant General views internal audit as a management tool that looks at the systems to ensure whether internal checks and controls are in place. The Accountant General's Department is responsible for developing internal audit standards and working with internal auditors to develop their capacity. However, at present, most internal auditors are not well trained and are not in a position to challenge directors.

To perform these functions, the Accountant General's Department interacts with other departments and agencies that exercise aspects of financial management. Other critical bodies include:

- Planning Commission: controls development projects that are accounted for under the National Development Fund
- Public Services Commission: controls the establishment of all civil servants
- Central Payments Office: responsible for the processing of records of balances of all funds
- Central Computing Service: responsible for information technology operations through Government

- The National Pensions Office: responsible for the administration and payment of pensions
- The Office of the Comptroller and Auditor-General: responsible for the external audit function throughout Government departments and parastatals.

The appointment and duties of the Auditor-General are set out in the 1979 Constitution and the audit requirements are set out in the 1967 Audit and Exchequer Act which was last amended in 1996. The Comptroller and Auditor-General performs the key function of scrutinising, on behalf of the Public Accounts Committee, the details of all accounts in the ministries and, since 1989, parastatals, and carrying out value for money audits<sup>3</sup>.

Although independence of the Office of the Comptroller and Auditor-General is provided for under the law, all staff are civil servants and are governed by civil service regulations. Funding is provided through the civil service budget allocation process. These arrangements impair the independence of the Office. Discussions to resolve this have been underway for some time.

Auditing is done according to an audit plan based on INTOSAI standards.<sup>4</sup> It is clear from the Comptroller and Auditor General's annual report that there is a significant problem throughout government with keeping financial records. (See Appendix B for an analysis of the Comptroller and Auditor General's report). In interviews, auditors commented that the accounts sections in the ministries are not trained to keep records, as evidenced by poor filing systems. Although the auditors feel that manual internal control is fairly good, they suspect that many of the problems are due to a lack of supervisory control. For example every accounts section has copies of the Financial Instructions and Accounting Manual, but often these are not being used. When records are lost or destroyed and it is not related to fraud, individuals interviewed feel it is due to incompetence.

The Comptroller and Auditor General's Department has the ability to perform electronic audits through its Information Technology Section. The IT Section has been performing electronic audits for approximately four years. Approximately one year ago, the IT Section audited the payroll and general ledger systems. The computerised accounting and salary files were brought to the Comptroller and Auditor General's Department in ASCII format and then audited using IDEA software. The process involves taking a sample and checking the error frequency. If the error frequency is too high, another sample is taken. This process is particularly effective for computerised Commitment Registers and matching vouchers to dates. In terms of audit evidence, the section places an emphasis on internal controls such as audit trails and validation controls. An audit also examines the utility programmes to identify who is allowed to bypass systems security. It also looks at who maintains the source code and who is authorised to make changes to the system.

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<sup>3</sup> ie audits that evaluate economy, efficiency and effectiveness.

<sup>4</sup> As a member of INTOSAI, Zimbabwe is participating in the INTOSAI development initiative (IDI) on the standardisation of audit practices.

## ***Examples of Poor Financial Management Control and Record Keeping***

The following are instances where poor financial management occurs as a result of the lack of timely information. This makes it difficult, if not impossible, to achieve financial control.

The Comptroller and Auditor-General produces regular reports to the Public Accounts Committee criticising the financial management. These reports frequently note the unavailability of financial records that are needed to form an opinion (see Appendix B). However, there is no evidence that any officials have been disciplined specifically for not keeping records.

Ministries over-spend repeatedly against their current budget. In recent years, the Government has regularly had to approach Parliament for supplementary and additional funds because individual Accounting Officers have failed to keep their expenditure within the limits set and agreed in the budget process. This is a problem because the annual budget process is the only mechanism available, at least between elections, to discipline decision making. The budget encompasses all the fiscal operations of government and must also force policy decisions having financial implications to be made against the background of a hard budget constraint and in competition with other demands. Some of the responsibility for this lies with the way the accounting systems record information. The centralised financial system captures only those transactions that are authorised for payment; it does not reflect information about committed expenditure. Manual systems, which are spread throughout central government and district offices, hold this information. Because the information is decentralised it is often difficult and time consuming to retrieve and to translate into a format that is useful for decision-making.

Commitments that are not covered by the budget for the current year are held back and honoured in the new financial year. This results in a growing problem of carry-overs into the new financial year. The effect is that the budget for the new financial year has to pay for a range of expenses incurred in the previous year. In addition, suppliers are being kept waiting for long periods for payment; this reflects badly on the government. Because the central payments systems cannot document committed expenditure, it is difficult to hold Accounting Officers accountable for clearing impending expenditures in a timely way.

The number and value of advances are increasing without being cleared by the staff of the individual ministries concerned. The Financial Instructions clearly forbid issuing additional advances before previous ones are cleared. Whether the problem is inadvertant or deliberate, ministries will not be able to resolve this issue until they are able to produce quickly documentation that proves whether or not a previous advance has been cleared by the system.

Because of the loosening of financial controls illustrated by these examples, fraud is a regular occurrence.



## **PART TWO: RECORDS MANAGEMENT PROGRAMME**

### **Legislative Environment to Support Financial Record Keeping**

The *National Archives of Zimbabwe Act of 1986* makes provisions for the management of public records. The Act refers to the management of all government, local government and parastatal records:

*6. (1) subject to the provisions of subsection (2) the Director [of the National Archives] may, in respect of any Ministry*

- a) inspect and examine the records of that Ministry;*
- b) give advice or instructions concerning the filing, maintenance and preservation and, when necessary, the transfer to the National Archives of the records of that Ministry;*
- c) give instructions with regard to the retention or destruction of the records of that Ministry.*

*(2) Before performing any function in terms of subsection (1) the Director shall consult the Secretary of the Ministry concerned and, in the event of any dispute or disagreement arising as to the performance of any such function, the matter shall be referred to the Ministry responsible for the administration of the Ministry concerned for decision and his decision shall be final.*

*(3) Where the Director gives any instruction in terms of subsection (1), it shall be the duty of the Ministry concerned to comply with such instructions.*

*7. (1) The Director may request any local authority or statutory body for access to its premises for the purpose of*

- a) inspecting and examining its records;*
- b) giving advice relating to the filing, maintenance and preservation of its records;*
- c) making recommendations with regard to the retention or destruction of its records.*

*(2) Where a local authority or statutory body declines to comply with a request made in terms of subsection (1), such local authority or statutory body shall advise the Director in writing of its reasons thereof.*

*(3) On receipt of any reasons from a local authority or statutory body in terms of subsection (2), the Director may make representations in the matter to the Minister responsible for or having authority in respect of, the local authority or statutory body concerned, who may take such action in the matter as he considers proper.*

Although this act describes clearly the responsibilities of the National Archives, it does not charge officers within the public service and other institutions with establishing good record keeping practices and making arrangements for the appropriate storage of records in their custody.

In Zimbabwe primary and secondary legislation provide a framework for keeping and controlling accounting and financial records. Section 106 of the *Constitution of Zimbabwe, revised edition 1996*, sets out the principal duties of the Auditor General. Subsection (3) provides for ‘access to all books, records, returns, reports and other documents that, in his opinion, relate to any of the account.’ Strengthening this, the *Audit and Exchequer Act* gives the Auditor General the power to ‘cause search to be made in and extracts to be taken from any book, document or record in the custody or possession of an officer’ (Section 9, subsection 1 c) and to ‘have access to the accounts or other records of (a) a statutory body or statutory fund; or (b) a company in which the State holds more than fifty per centum in nominal value of the equity share capital’ (Section 9, subsection 4a/b).

Section 19 of the *Audit and Exchequer Act* gives internal auditors the responsibility for ensuring that ‘proper accounting records are maintained; and adequate internal checks and controls are observed.’ It goes on to specify that in the performance of his/her functions, an internal auditor ‘shall have free access at all reasonable times to any records, books, vouchers, documents, public moneys or State property under the control of the Ministry or department concerned.’ In addition, the internal auditor can ‘cause search to be made in and extracts to be taken from any record, book, voucher or document under the control of the Ministry or department concerned.’

Furthermore, Section 18 (2) of the Act gives the Treasury authority to issue *Treasury Instructions (1990)* in matters involving the management and control of public moneys and state property. The Instructions place responsibility on every senior accountant or accountant for ‘the keeping of the financial records and books of account’ (para 0710). It states clearly that ‘when not actually in use all account books and financial records, receipt and licence forms and blank cheque forms shall be kept under lock and key, if possible in a safe or strong room’ (para 0205).

The *Accounting Procedures Manual (1984)* is issued under the *Financial Instructions*. It sets out the responsibilities and roles of officers of the government accounting service in the ministries and departments. The Manual details the operating procedures for the central and departmental accounting systems and asset management. While the procedures are comprehensive in describing the purpose, creation, use and distribution of certain financial records within the system, little or no guidance is provided on the control, storage or disposal of records in order to meet the audit, accountability and financial management needs of government.

These provisions indirectly impose an obligation on ministries and departments to ensure that they adequately keep and manage financial and accounting records to facilitate the audit function and the exercise of search and access rights by the Auditor General. However, accountants with responsibility for managing financial records have no records management training. As a result, public sector financial record keeping systems fail to adhere to a proper structure and order.

Legal penalties for accounting mismanagement and maladministration, including failing to keep proper records as specified by the *Financial Instructions*, are not a feature of the current *Audit and Exchequer Act*. Those which are referred to in Section 52 of the Act only deal with offences and penalties for a person who hinders or obstructs the Comptroller and Auditor-General, the Treasury or an Internal Auditor in the course of their official duty. In addition, the Public Service Commission Disciplinary Regulations do not provide adequate

internal administrative procedures for disciplinary proceedings and recovery measures. When the Committee on the Operations of the Public Service asked the Chairman of the Public Service Commission to account for the shortcomings, he replied:

*Every Accounting Officer can do what he wants because there is none who can pin them down. We are not sure that we are empowered other than for clearly criminal matters of misconduct. If an Accounting Officer fails to do something in respect to management of public funds who really is the competent authority to go to the Accounting Officer and say 'you have done wrong, you must leave or take disciplinary action.' This is a bit of a grey area which has been difficult to deal with.<sup>5</sup>*

In general, auditors, public service commissions and public accounts committees are reluctant to be cast in the role of policemen. However, where there are cases of persistent and deliberate refusal to maintain adequate records there need to be credible sanctions. It might be desirable to consider specific penalty clauses for the different levels from Accounting Officer to the Assistant Accountant in the event of financial mismanagement and maladministration; this might include either a penalty for not keeping adequate records or a requirement for a commitment to administrative action. As the Special Report of the Public Accounts Committee on the Operations of the Public Service points out:

*In an organisation running a company, if you fail to produce or put your books in order for a period of four years, definitely that company will not survive and I wonder how Ministries and Government departments are surviving in situations where they fail to produce their books or provide statements of accounts.<sup>6</sup>*

Concern over financial records management was expressed by many of the individuals interviewed. The absence of certain records and the inability to produce records for audit described below appear to support their views.

## **Issues in Record Keeping and Records Management**

Accountants and auditors agree that record keeping is important for exercising financial control. Accounting clerks are responsible for routine financial record keeping activities according to the *Financial Instructions* and *Accounting Manual*. Despite this being a straightforward activity, which financial managers claim is understood clearly by their staff, information still cannot be accessed in a timely and efficient manner.

One fundamental reason for this, as the case of Zimbabwe illustrates, is the absence of a records management programme for financial records. Records management is broader than record keeping. *Record keeping* indicates that a system (or system of systems) exists to file current information that the organisation refers to on a regular basis.

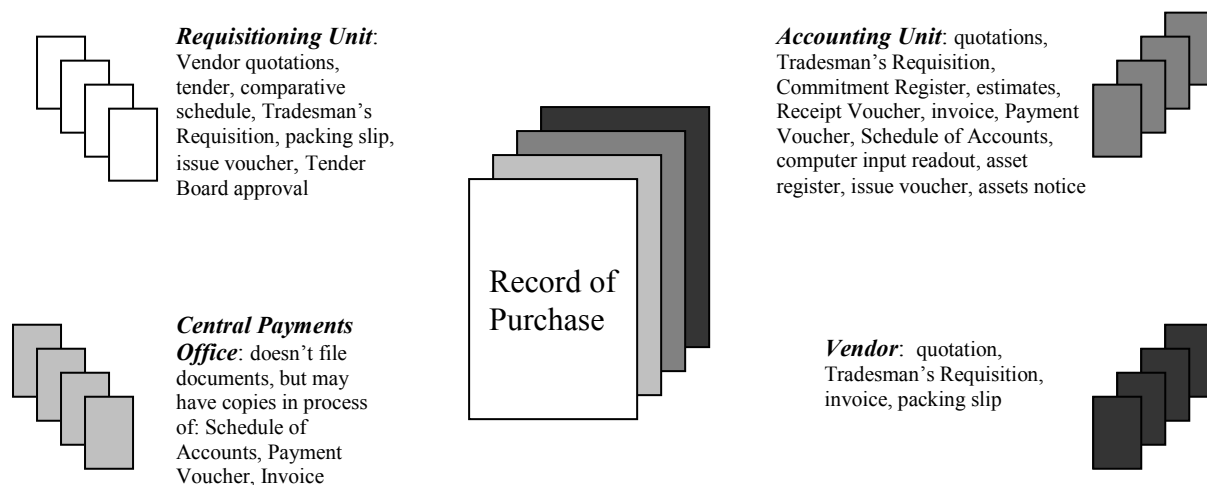
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<sup>5</sup> Special Report of the Public Accounts Committee on the Public Service. *Parliamentary Debates*. 25:70 (Zimbabwe: Printed by Order of Parliament, Wednesday, 24 March, 1999): 5062.

<sup>6</sup> Special Report of the Public Accounts Committee on the Public Service. *Parliamentary Debates*. 25:70 (Zimbabwe: Printed by Order of Parliament, Wednesday, 24 March, 1999): 5066-67.

In contrast, *records management* is a managerial function that aims to provide the intellectual and operational control required to maintain, use and destroy records in either paper or computerised form. This control is provided by the processes of registration and classification, tracking, auditing, access and retrieval, scheduling, retention, transfer and destruction. The opportunity to tamper with or remove financial records is greatly reduced by controlling the movement and physical security of records. In the short term, the records management function aims to supply the right record to the right person, at the right time and at the least possible cost. In the longer term, it identifies which records are no longer administratively useful and provides the rules by which records should be either destroyed in a secure manner or transferred to an archive facility.

For example, each ministry in Zimbabwe purchases supplies and services. Every purchase request results in the creation of several financial documents (eg vendor quotations, tenders, purchase requisitions, vouchers, invoices, commitment registers and so on). Although all of these documents collated together constitute the record of the purchase, they are not necessarily all kept within the same physical filing system. In the ministries examined there is no one centrally-located file that brings together all of the parts of the record of any given purchase. Instead, there are several filing systems spread throughout the ministry and elsewhere that must be taken together to form what could be considered a record keeping system for the purchasing function. For example:



The practice of dividing responsibility for maintaining the total record of a transaction can result in a chaotic system from which it becomes difficult to retrieve information efficiently and one in which fraud can occur more easily. Most ministries in Zimbabwe have registries, but financial records are not managed as part of these systems. Often this is because officials view financial records as a security item that should not be stored outside of the accounting office until after audit.

Clerical accounting staff are not trained adequately to keep records in a consistent way (ie some file according to serial number order, others according to date order, and so on). The Accounting Manual and Financial Instructions offer some instruction, but guidance is inconsistent and limited. For example, there are clear instructions about who is to keep

which document, but in terms of maintaining these documents the manual only offers guidance for payment vouchers (ie file according to voucher number).

The impact of this omission is illustrated by the problems faced by the Public Accounts Committee in obtaining evidence to substantiate cases brought before it. The Committee complained that there were instances where accounting officers were unable to produce accounting records when required. Records are frequently lost before a case goes forward and when the accounting clerks are asked to search for the documents, they often cannot be located.

The following are further examples that illustrate problems that occur as a result of the lack of records management:

- Pension payments left in suspense accounts because the files are missing and the Pensions Office cannot reconcile the pension with the pensioner.
- The Comptroller and Auditor General is recording a high instance of mismanagement of records. (See Appendix B). In some cases, this may be a result of the way the accounting clerks and Central Payments Office clerks handle documents. For example, clerks at the Central Payments Office roll up the invoices and vouchers, securing them with an elastic band, prior to returning them to the appropriate ministry. An accounting clerk demonstrated how these elastic bands shift and tear off the vouchers on the outside of the roll or break, leaving the papers to scatter in the delivery van. There have also been cases where whole rolls of invoices and vouchers are delivered to the wrong ministry. In general, no attempt is made to redirect these to the appropriate ministry. Even when clerks notice that documents are missing, there is little follow-up with the Central Payments Office to find the lost voucher/s.
- Accounting staff are aware of the records retention periods indicated by the Treasury Instructions, but they rarely comply with them. They are not aware that the National Archives issues Standing Instructions for accounting records. One staff member knew that she should destroy purchase requests (ie the fast copy of the Tradesman's Requisition) after a set period of time, but was unwilling to destroy them because they might be referred to at a later date. An investigation of the storage facilities reveals clearly that no one uses these records. The most recent documents were piled at random in one drawer of a filing cabinet. The older documents were buried in a safe room (ie a locked vault) under debris including tyres, filing cabinets and fluorescent light packages.

## **Role of The National Archives of Zimbabwe**

### ***Statutory Powers***

The National Archives was founded by an Act of Parliament in 1935 and operates on the basis of the National Archives of Zimbabwe Act 1986. It is charged with the responsibility of providing a records and information management service to government ministries and departments, local authorities and parastatals. The records management programme operated by the National Archives controls public records by distinguishing the few that are worthy of permanent preservation from the mass which sooner or later must be destroyed.

Statutory bodies and local government authorities are required by the *National Archives Act* 1986 to organise their records systematically and may, if they choose, have their records stored for them on payment of an annual storage fee. Records are stored in Records Centres in Harare, Bulawayo, Gweru, Masvingo and Mutare. There is one professional archivist who advises on file disposal, and there are four paraprofessional records management officers, three drivers and four orderlies at the Records Centre in Harare. Each of the provincial offices has one professional archivist, one paraprofessional records management officer, one typist and one orderly.

The Records Centre in Harare provides storage for semi-current and archival records. Semi-current records are required only infrequently. They are normally maintained in a records centre or other offsite intermediate storage accommodation. Non-current records are defined as those records that will be destroyed according to Standing Instructions (ie disposal schedules), but will not be destroyed for twenty-five years or longer, or, those that have archival value (normally less than 5%) and are ultimately transferred to the National Archives for permanent preservation.

### ***Role of the Records Centre***

The records centre is not responsible for current records. The management of current records is the responsibility of the registries of the ministries from which they originate. However, it was alleged that the registries are overwhelmed with the volume of records created and, to alleviate overcrowding, transfer current records to a records centre. One reason given for overcrowding is that the registries are congested with semi- and non-current records that should be transferred to the records centre. Many of the current records that the registries do transfer are still being requested frequently, almost daily, from agencies such as the Public Service Commission. While the Records Centre does return records to the ministries twice a week, records centre staff do not track the movements of current records because they do not see this as their responsibility. This situation will ultimately lead to a break down in the records management process because both the registries and the Records Centre are abdicating responsibility for this. Both have expressed concerns about understaffing and lack of resources. However, the Records Centre should be refusing to accept current records on the basis that the Standing Instructions should govern all transfers to the Records Centre. These Instructions set the retention periods prior to and following transfer and should be enforced by the Records Centre.

Because no one has claimed responsibility for this situation, and the problem has been allowed to continue for some time, congestion in government offices has continued to increase to the extent that some registries have rooms piled with records, many of which should have been transferred and destroyed long ago. In some cases the piles have fallen over and spilled across the floors of storage rooms and doors no longer open because the records block them. Records are very difficult to retrieve when needed. The solution is to decongest the registries and regularly transfer the semi- and non-current records to the Records Centre. This would allow room for the registries to keep, manage and track the current records. However, neither the registries nor the records centres have the staff or other resources to resolve this problem.

## ***Retention Schedules***

The National Archives has a records committee that advises on the development of records schedules (the Zimbabwe records management staff refer to these as ‘Standing Instructions’).<sup>7</sup> (The Standing Instructions for Classes Common: Accounting is in Appendix H). Records scheduling is the process of assigning to categories of records the length of time they are to be retained and the disposal action that should be taken at the end of the retention period. By establishing a records schedule, an organisation ensures that records are removed from current storage at the appropriate time and disposed of when they are no longer required.

According to the Records Centre, Standing Instructions are distributed to all registries. However, in interviews all of the registry staff claims to be unaware of them. This only serves to compound the problem of knowing when to transfer records. A reason for this may be the fact that the National Archives is unable to carry out an effective programme of inspection and monitoring or to provide guidance. This, in turn, may be due to inadequate archives and records legislation and the absence of assigned responsibility for overseeing the management of current records.

## ***Electronic Records Facilities***

The Records Centre stores a few magnetic tapes for Central Computing Services. However, it does not have the facilities or expertise to manage electronic media adequately; there are no controls to ensure the tapes are labelled, indexed or maintained properly. Central Computing Services has responsibility for managing electronic records, but has no knowledge of records management nor of the requirements to keep information over time. The Records Centre does have an audio/visual unit that could serve as a starting point for managing electronic information and there has been some discussion about creating an electronic records unit within the next year. This unit would be co-ordinated by the Records Centre in co-operation with Central Computing Services. Although the discussion has not gone very far, the National Archives recognises this and is making plans to amend its legislation to incorporate the need to manage electronic records.

In addition to providing storage, the Records Centre runs a reference and request service. Public officials can phone and request files. However, most of these requests are for current records that the registries transfer to the Records Management Centre when they run out of room. As pointed out earlier, despite their continued use, the Centre does not track the movement of these records because they are technically not responsible for current records.

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<sup>7</sup> The committee is comprised of the National Archives Director acting as Chair, the Chief Records Management Officer and the Deputy Director. Representatives from the Public Service Commission, Ministry of Justice, the University of Zimbabwe History Department and senior officials from relevant departments are invited to participate. At present, there is a large backlog of records being held without processing by the Records Centre because they were unscheduled by the Committee at the time of transfer. Many of these records should have been destroyed long ago.

## ***Inspectorate Role***

The Records Centre also carries out an inspectorate role. Records management officers inspect offices to see how they are managing records, give advice where appropriate and submit a report of their recommendations to the head of the ministry or department under inspection. A Records Survey Worksheet provides a plan for the inspection to follow (see Appendix I for a copy of the Records Survey Worksheet). The records management officer should carry out a follow-up to their recommendations, but due to financial constraints this rarely happens. The Centre should carry out twelve inspections every year (three per quarter), but there is not enough staff available. Instead, the Centre determines where to inspect according to the amount of records generated by a department or agency or by invitation. Departments invite records management officers when they need assistance in keeping their records. This is not a regular occurrence. The Records Centre should become more proactive in its role as inspector and seek greater powers of enforcement, otherwise it will be reduced to a 'fire-fighting' role.

An inspection plan is evidence of best practice. The Records Survey Worksheet provides a good basic assessment of a registry. However, the inspection is meaningless if officials do not take account of recommendations. In addition to a plan for the inspection itself, best practice should specify a cycle of planned visits that would take account of all ministries over a period of time. The present system is too irregular and unsystematic.

Finally, the Records Centre organises workshops and seminars for provincial centres. These should occur on an annual basis. The purpose of these is to deliver papers on topics of relevance, share experiences and discuss problems.

## ***Capacity building in registries and records management***

Registry staff should have five O-levels and a certificate from the Highland Training Centre. Records management staff are required to have five O-levels, a certificate or better (ie a university degree) and relevant experience. However, for paraprofessional records management staff to obtain promotion they should obtain an MA in archives and records or library studies.

There are two programmes available that provide basic introductory paraprofessional training for registry staff and records clerks at the National Archives:

- Zimbabwe Institute of Public Administration and Management (ZIPAM): ZIPAM programmes are structured mainly to train mid- to upper-level managers. However, ZIPAM now includes some aspects of records management. This programme aims to train registry staff by teaching registry instructions. It consists of a five day short course.
- Highland Training Centre: The Training Centre is under the control of the Public Service Commission. Registry staff members often attend this programme. Attendees must already be working in a registry and must be nominated for training.



Harare Polytechnic provides another opportunity to advance by obtaining a certificate or diploma. The Ministry of Education sets the curriculum. National Archives senior records management staff participate in the teaching. The Certificate course is a one-year programme. Paraprofessional records management staff from the National Archives make up most of the students. The Diploma course is a two-year programme that began in February 1999.

The Records, Archives and Information Management Association of Zimbabwe and the Eastern and Southern Africa chapter of the International Council on Archives (ESARBICA) provide limited additional training opportunities. However, it can be expensive and participants must belong to member institutions (ie the National Archives).

It is clear that there are seldom problems with obtaining basic introductory training. However, the National Archives has a problem recruiting and retaining senior records management and archives staff. For many years they relied on donor aid agencies to provide funding for staff to obtain an MA in archives and records or library studies from outside the country. Staff were sent to external programmes, often in the United Kingdom, because no programmes existed in the country. Donors no longer provide this funding and the Ministry of Home Affairs, to which the National Archives reports, does not provide funds either. This has created a situation where there are 26 posts for archivists and only six have qualifications in archival or library studies. The National Archives has approached the University of Zimbabwe, Department of History to develop an MA in History and Archival Studies, but it will take time to establish a programme.

Despite efforts, the National Archives is not realising its full leadership potential. Archives and records staff will need to know more about the use of current records in order to have a stronger impact throughout government. Clearly, there is a need to take training further and look more critically at how records are created and kept by the departments. For example, archivists traditionally know little, if anything, about financial and other transactional records. This is partially because these records are often excluded from registry systems. As a result, records staff have little experience in managing them. Archivists and records managers are generally not fluent in business process analysis and it is unlikely that they would ever participate in the redesign of business processes. Records managers and archivists do not create or use current record keeping systems, but they are expected to maintain them over time. However, it is still beneficial for them to understand how and why records are created and how they are used.

On the other hand, accounting clerks with responsibility for financial records should receive basic introductory training in keeping records. Despite the availability of training, accounting support staff are not required to take even a five-day short course offered by ZIPAM.

## **PART THREE: FINANCIAL MANAGEMENT SYSTEMS**

This report covers an initial review of accounting systems in the Government of Zimbabwe. The main documentation flows examined were:

- Payments
- Revenue
- Payroll
- Pensions.

The accounting work is decentralised to the sector ministries but the payment system is centralised and controlled through a stop payment system that will not allow the cheque to be drawn if the budget is exceeded. Production of the monthly figures is normally subject to computer breakdowns, within seven working days of the month end. The current system has been in operation for over 15 years. Treasury instructions set out the financial procedures to be followed. The accounting procedures manual explains in detail the accounting process. These instructions include directions as to the operations of internal check and control systems.

### **Payments**

#### ***Overview of process***

Payment systems examined include the General Ledger and Budgeting System, Purchase Order Processing and Accounts Payable System, and Accounts Receivable and Invoice Processing System.

The main accounting processes begin in each ministry's accounting units where payments are authorised and revenue is collected; it ends when vouchers are stored following payment and in the preparation of the general ledger. The commitment system in most ministries is manual. The ministries prepare the payment voucher and send a schedule of accounts to the Central Payments Office.

The Central Payments Office is the central point for the capture of all financial information. It checks whether the creditor number and information is correct and batches the vouchers according to a folio number and according to ministry. Folio numbers run from 1-999. The numbers are repeated once they reach 999. It takes approximately one month to run through the numbers before repeating them. Once batched, the information is input into the central mainframe using 12 Data General terminals and then the data input forms are boxed according to batch number and not ministry.

At present, there is only one exception in this process. USAid funded a pilot project to enable the Ministry of Education, Sports and Culture to capture its own payments information and send tapes directly to the Central Computing Services for processing. This excludes the Central Payments Office from making an external verification on vendor and payments information. The file formats used are the same; only the computer platform is different.

The Ministry of Education, Sports and Culture operate a 1VS: CPG system on a Wang network. It was designed to support 25 users, but can only support 12. The nine regional offices use the same system and submit their tapes to the central government office where the data is merged together and then submitted to Central Computing Services. It was intended initially that the data would be sent electronically via the telephone line to the central office, but this system failed due to poor telecommunications capacity. Therefore, the regions are required to send tapes overnight. This is not always achieved and often tapes are received late.

After the Central Payments Office captures the information the Central Computing Services or process it. Processing by Central Computing Services includes dealing with the direct deposits to creditors and printing cheques. Direct deposits are handled by producing cashbook diskettes that list all creditors to be paid by the Central Bank of Zimbabwe and Standard Chartered Bank. Along with the diskette, Central Computing Services prints a single cheque to each bank covering all payments to be made.

Central Computing Services manages the central mainframe treasury accounting system known as TY40 (ie the general ledger).<sup>8</sup> The TY40 is a bespoke system built in the 1970s; it evolved from a punch card system.<sup>9</sup> TY40 is a NEAT/3 system developed by NCI using assembly language. Although it runs on an NCI 9800 machine now, the program used to operate on a Criterion. Back-up tapes are stored in a strong room on site.

After processing, Central Computing Services issues a printout (ie a certificate of payment) that gives an accounting of expenditures. The Central Payments Office compares this printout with the appropriate batch and returns both to the ministry. At the end of each month Central Computing Services distributes a full printout report of all payments made that month. The ministries use this report to reconcile and request adjustments as necessary.

These objectives and purposes of each payment system are summarised in the tables that follow. (An analysis of documentation flow for payments is in Appendix D)

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<sup>8</sup> In addition to the general ledger mainframe system, Central Computing Services runs all the other centralised systems including: payroll, pensions, taxes, social welfare, higher education. Central Computing Services programmers are stationed at Customs to administer their system which runs on ASYCUDA software.

<sup>9</sup> The TY41 module of TY40 is used to generate urgent cheques.

## Key Payment Systems: Objectives and Purpose

<b>PAYMENTS</b>		
<b>System</b>	<b>Objectives</b>	<b>Purpose</b>
<p><i>General Ledger and Budgeting System</i></p>	<ul style="list-style-type: none"> <li>• to provide a cost effective, efficient and user friendly method of accounting and reporting budget and actual information (ie general ledger, budgetary control, commitment accounting and cash book accounting).</li> </ul>	<ul style="list-style-type: none"> <li>• provides financial and non-financial data to assist the MoF and individual line ministries to undertake the control, monitoring and decision making aspects of their activities</li> <li>• provides financial and non-financial data to enable the government to monitor overall economic performance effectively</li> <li>• provides the facility for commitment accounting by allowing for the commitment and monitoring of funds used for the purchase of external and internal goods and services</li> <li>• provides timely and accurate financial and non-financial data by vote (cost centre) or specific programme activity in order to satisfy the different requirements of statutory reporting, budgeting and the management of individual line ministries</li> <li>• provides timely variance and exception reports by cost centre</li> <li>• reduces the requirements for duplication of information held on systems, either manual or computerised</li> <li>• enables the overall standardisation and control of financial documentation and data.</li> </ul>

## PAYMENTS

System	Objectives	Purpose
<p><i>Purchase Order Processing and Accounts Payable System</i></p>	<ul style="list-style-type: none"> <li>• to control the purchase of materials, goods, fixed assets, equipment, work and services, including travel and subsistence by ensuring that purchase orders are not raised unless the funds are available to pay for those services</li> <li>• to control travel and subsistence advances by ensuring that no advance is given unless previous advances have been cleared</li> <li>• to control the purchases by ensuring that they are only accepted and paid for against properly authorised purchase orders</li> <li>• to improve the control of the purchasing and payment functions by recording and producing purchase orders</li> <li>• to streamline the payments process to ensure that bona fide creditors are paid on time</li> <li>• to assist in cash flow forecasting</li> <li>• to provide a safe and secure process for the automated payment of creditors.</li> </ul>	<p><u>Purchase Order Function</u></p> <ul style="list-style-type: none"> <li>• undertake a budget check to determine availability of funds prior to the issue of a purchase order form</li> <li>• maintain a record of all internal purchase order demands which are not accepted</li> <li>• generate automatic purchase orders with a unique order number for each order placed</li> <li>• print disclaimers on the purchase orders with respect to price variations from original quotations</li> <li>• establish control over, and ensure comprehensive recording of, commitments made by 1) maintaining a register of purchase orders placed both internally and externally and 2) maintain a record of the fulfilment of such orders</li> <li>• ensure that adjustments are made in the commitment process for cancelled and/or amended orders</li> <li>• provide a means of checking that goods received and invoiced are in accordance with those ordered, either through matching goods received notes (where used) or verifying invoice details</li> <li>• provide information on future liabilities with respect of goods and services ordered, but not yet invoiced</li> <li>• improve monitoring of supplier markets by retaining details of the latest prices of regularly purchased products</li> <li>• maintain large supplier details by specific locations</li> <li>• provide a means of monitoring unfilled and overdue orders</li> </ul> <p><u>Accounts Payable Function:</u></p> <ul style="list-style-type: none"> <li>• record and report the indebtedness to all suppliers</li> <li>• provide an up-to-date enquiry facility for suppliers enquiries</li> <li>• ensure that commitment details are updated on receipt of actual invoice details</li> <li>• produce exception reports on large variances between committed amounts and actual invoice amounts</li> <li>• pay regular suppliers by direct bank transfers or cheque and produce cheques and remittance advices for payments to other external suppliers</li> <li>• enable the payment of internal service providers through internal transfer of funds</li> <li>• allow for partial payments, support debit and credit notes and identify duplicate invoices</li> <li>• provide the facility for multiple payment options if required</li> <li>• allow for manual payments and mark the invoice as paid</li> <li>• operate either a balance forward or open item or a combination</li> <li>• assist with cash management</li> <li>• allow the selection of invoices for payment based on: date of invoice, specific invoices, all invoices for a specific supplier</li> <li>• enable clearance of advance payments against expense claims only.</li> </ul>

## PAYMENTS

System	Objectives	Purpose
<p><i>Accounts Receivable and Invoice Processing System</i></p>	<ul style="list-style-type: none"> <li>• to provide an improved means for the recording of non-tax revenue</li> <li>• to provide control and security for money received</li> <li>• to produce sales invoices for services provided by government to show 'customer' indebtedness</li> <li>• to assist with revenue collection</li> <li>• to streamline the receipts process to ensure that money received is deposited and reconciled in a timely, accurate and efficient manner</li> <li>• to assist in cash flow forecasting</li> </ul>	<p><u>Accounts Receivable Function:</u></p> <ul style="list-style-type: none"> <li>• record and report the indebtedness of all customers by recording details of automatically generated and manual sales invoices</li> <li>• allow for partial payments and mark the sales invoice accordingly</li> <li>• support debit and credit notes</li> <li>• generate receipts and deposit slips for cash received (where applicable)</li> <li>• process data from manual receipts</li> <li>• record and report all cash received, irrespective of whether an invoice was generated for the service provided or a penalty imposed</li> <li>• allocate funds received either 1) to specific cost centres, 2) to particular programmes or projects or 3) to a 'temporary deposit' or unallocated revenue account but produce regular reports on all such allocations</li> <li>• maintain separate bank accounts for each reporting entity</li> </ul> <p><u>Invoice Processing Function:</u></p> <ul style="list-style-type: none"> <li>• generate sales invoices and credit notes for either external customers or employees owing the government money (eg house rentals, surcharges and so on)</li> <li>• provide information for sales/income analysis</li> <li>• provide a means of monitoring unpaid invoices.</li> </ul>

## ***Records Issues***

Broadly, the payments system works well and the accounting clerks are knowledgeable and know how to make it operate smoothly. However, there are limitations to the system. Most significantly, the current system is not integrated. A wide range of manual systems supports a central computerised batch processing system. This central system is stand-alone and interfaces only with the payroll system.

The manual systems capture and summarise transactions to provide control at the local reporting level. Centralised data capture only occurs at the point at which transactions are already authorised for payment (ie individual transactions are only captured immediately prior to payment).

This results in a system that does not provide adequate information on which to base decisions affecting financial management. Expenditures are committed at locations all around the country. District offices must send the associated data to the capital before it is captured in any organised way. The Central Payments Office only receives and enters records that are authorised for payment; there is no information about the commitments that are in the earlier stages of processing (ie commitments made with suppliers, but not yet approved for payment). The following table lists the volume of transactions that are generated by the Head Office of the Ministry of Education, Sports and Culture and its regional offices on a yearly basis.<sup>10</sup> It provides an illustration of the scale of this problem.

<b>Volume of Transactions Ministry of Education, Sports and Culture and the Regional Offices 1998</b>							
	Internal Requisitions	External Requisitions	Payments	Advances	Other Payments	Receipts	Journal Vouchers
Head Office	500	100	3000	66	485	120	4480
Harare Province	330	1500	2000	10	5	11	1110
Manicaland	1500	2200	2800	45	6	26	1184
Mashonaland Central	500	395	589	20	9	17	549
Mashonaland East	550	450	125	30	5	26	1130
Mashonaland West	550	450	921	35	15	21	1143
Masvingo	450	690	600	40	7	36	713
Matabeleland North	1200	900	1900	40	7	22	950
Matabeleland South	320	400	550	25	6	20	573
Midlands	575	600	1500	35	7	31	1304
<b>TOTAL</b>	<b>6,475</b>	<b>7,685</b>	<b>13,985</b>	<b>346</b>	<b>552</b>	<b>330</b>	<b>13,136</b>

<sup>10</sup> Figures are derived from a report by Ernst & Young to the Government of Zimbabwe, Ministry of Finance. *PFMS Project Deliverables* Volume I (July 1998).

If the central payments system fails, the supporting paper records are of little value as back-up reference because it is difficult to retrieve them. To fully reconstruct a purchase, an accounting clerk might have to refer to several or all of the following documents:

- three competitive vendor quotations
- Comparative Schedule
- Tender Board approval
- Standing Contracts
- Tradesman's Requisition (four copies exist)
- Commitment Register
- Packing slip/s
- Issue Voucher (four copies exist)
- Departmental Assets Register
- Assets Notice
- Receipt Voucher
- Sales Invoice
- Credit Notes
- Cash Receipts
- Deposit Slips
- Payment Voucher
- Schedule of Accounts
- Computer input readout.

This is difficult because either the requisitioning clerk, authorising officer, one or more accounting clerks, the authorised receiving employee, stores clerk, assets clerk, vendor, Central Payments Office staff or Central Computing Services staff could have any one or a number of these documents. There is no standard record keeping system or registry that manages and tracks these records. As a result, if there is a query, clerks retrieve information by memory.

There is little flexibility in the way that the system presents information. Ministries have little input into how information is structured by the system; this minimises further the ability for the system to support officials making financial decisions.



These limitations reduce the quality of the information that is made available to financial managers. It is these factors (and others) that have led the Ministry of Finance to commission an integrated computerised Public Financial Management System.

### ***Public Financial Management System (PFMS)***

With funding from the United Nations Development Program (UNDP), the Zimbabwe public service intends to introduce a computerised Public Financial Management System (PFMS) as part of the reform programme currently underway. The PFMS will carry out the accounting and financial transactions for all ministries so as to replace the systems currently operated by the Central Payment's Office and Central Computing Services. It is hoped that the system will enable the government to move forward from a cash accounting system to modified accrual accounting.

The project consists of two major components. The first stage involved a current situation analysis and strategy development. This was completed in December 1998. The second component of the project is to computerise government public financial management systems down to the provincial levels. The pilot phase was scheduled to begin in March 1999 and would involve the introduction of an SAP 4.0B integrated financial management system in Treasury Central Computing Services and the Ministry of Education, Sports and Culture. At the time of this visit, the pilot had been delayed until December 1999. Once the system is piloted successfully, it will be applied to other ministries.

The new system aims to extend the use of information technology into areas that are not being serviced at present. Its benefits should include:

- increasing the capacity to control and monitor expenditure and receipts both within line ministries and across government
- strengthening internal control to prevent fraud
- expanding the ability to access information on the government's cash position and economic performance
- enabling the government to demonstrate greater accountability to donors
- standardising the accounting analysis of transactions, to enable comparisons across government, between periods and to meet international reporting standards
- producing prompt and accurate reports for budgets, actual expenditure and committed expenditure, at all levels and tailored to suit the needs and responsibility of each user. The system should allow for generation of various accounting and financial management reports
- addressing the control issue of purchase orders (commitment accounting) according to the availability of unspent and uncommitted budget resources
- integrating the budgeting, expenditure and cashflow management systems.

The Government wants the PFMS to provide Zimbabwe with a modern accounting and financial management system that will have access to all the line ministries' financial information and be able to control, monitor and supervise the management of public funds.

The design of PFMS reflects a requirement to continue to hold information centrally, but as far as possible, to delegate to line ministries control and accountability for their financial affairs. The system will not only process financial information relating to the resources consumed or received, but will also hold selective non-financial information relating, for example, to the output which has been generated. It will therefore hold a comprehensive picture of the level of performance that has been achieved.

Ultimately the system may reflect financial performance more accurately, but it may not meet fully the Government's financial accountability requirements. Traditional information technology systems design uses an analytical method that draws a boundary around the computer. However, it is often the inputs and the outputs of the system that are required to demonstrate accountability. For example, tied to the PFMS system are extensive reporting requirements; much of which will consist of printed reports (see Appendix E). The National Archives is responsible for scheduling these records for destruction or transfer to the archives and will need to advise on new procedures for physically managing the inputs to and outputs from the system. The Accounting Manual should take account of these procedures.

## **Revenue**

### ***Overview of Process***

Customs and Excise was selected to illustrate a revenue-generating department. The Department of Customs and Excise is part of the Ministry of Finance. It is responsible for assessing and collecting customs, excise, duties and import tax. The department also administers regulations pertaining to import and export control, exchange control, excise control and drugs control. Finally, Customs and Excise is responsible for licensing and controlling premises used for the manufacture of goods under rebate.

### ***Records Issues***

Three document flows were examined:

- clearance of commercial goods at a port of entry or inland port (Customs)
- issuing of import permits (Customs)
- drawback of duty (Excise).

Customs and Excise operates mixed manual and computerised systems. Zimbabwe uses ASYCUDA software to support the computerised parts of customs and excise functions.

Documents are prepared at the port level and data tapes are sent into to the head office in Harare. The head office often has problems retrieving electronic data. This is compounded by the fact that the central system is overloaded and cannot handle all of the data it is receiving. According to one internal auditor, there are no back-ups of the data. At the port level, where the original documents are kept, it was alleged that the Bills of Entry are improperly filed. To illustrate the magnitude of this problem, some ports may receive up to 800 Bills of Entry each day. As a result, if the central computerised system were to fail, it would be extremely difficult to retrieve paper documents from the ports in any meaningful way to reconstruct the system. Even in minor instances where data is either not input into a field or input incorrectly, it is virtually impossible to retrieve the document to correct the entry.

At the head office, the accounts section maintains files with serially numbered Bills of Exchange. The copies of these and all supporting documentation are retained by the Customs section, instead of being filed and stored in the registry. Messengers put records wherever there is space. Officials admit that records are not kept systematically and that, as a result, they are difficult to retrieve.

Transaction records are seen as a security item and are kept separately from the registry system which manages correspondence and other records. Clearance officers and accounting clerks in the head office accounts section have neither the training nor the obligation or motivation to keep records properly; it is not viewed as a priority.

The rotation of clearance officers present a unique problem. As an anti-corruption measure, the department regularly rotates officers to other ports where their main function is to collect duty. One effect of the rotation process is that officers do not feel a responsibility for the state of records at each port. Ports do not retain a specified individual to manage the records securely. In some cases, it was revealed that some officers resist keeping records in an orderly fashion because it is easier to hide a corrupt transaction in a chaotic system.

A registry system exists in the Department of Customs and Excise that extends from the head office to the border posts. However, because the department splits the management of main transaction records from that of other records, the registry is unable to bring transaction records under control. The registry has written instructions to manage correspondence files. (See Appendix E). However, the instructions would need to be adapted for use by the clearance officers and accounting clerks who keep the transaction records.

The registry supervisor from the head office carries out regional inspections. These inspections consist of checking whether the registry is following the indexing system. The supervisor will test whether the registry can retrieve records. This includes examining the shelf arrangement and checking whether files are kept systematically. An inspection is made of the file's internal controls (ie whether pages are folioed). A general inventory of the registry is made to determine the total number of files, the number currently out of the registry, when these were removed and by whom. As part of the inspection, attempts are made to determine whether staff can locate a sample of these files. Finally, health, safety and security checks are made on the physical environment of the registry. The registry supervisor submits inspection reports to the head office, but few of his recommendations are followed-through. A report on the general situation has been submitted, but again, no action has been taken on it. There is no similar system of inspections for transaction records.

## **Payroll**

### ***Overview of Process***

The human resource function is made up almost entirely of manually based processes. Every time an employee is hired three files are opened: one at the ministry, one at the Public Service Commission and one at the Salary Services Bureau. Copies of all documents of any actions taken regarding a civil servant's terms of employment must be distributed to each of these files.

Officials in the ministries manually prepare all payroll actions and forward the documents to the Salary Services Bureau for processing. The Government currently pays civil servants using the Salary Services Bureau, which has its own bespoke computerised system to process the Government's salary bill. The system was written in Progress language and is used on the AIX operating system on a Risc 6000 machine. The Public Service Commission is in the process of acquiring a human resources information system (HRIS) that will interface with the payroll system. It is expected that the HRIS system will be able to download selected salary information. At the time of the research study the Public Service Commission was taking delivery of the hardware.

The computerised pension system automatically writes records to an audit file following the verification process. A clerk cannot write to the audit file and the system cannot overwrite the file. Back-ups made of this file are stored on site.

Three document flows examined include:

- Joiners procedures (ie creation of a post, advertising posts, applicant registration, recruitment and selection, reappointment, etc)
- Leavers procedures (ie resignation, retirement, dismissal, etc)
- Change procedures (ie remuneration, advancements, promotions, transfer and regarding, etc).

### ***Records Issues***

The procedures for adding staff to the payroll, adjusting their salary as necessary and terminating their employment are clear and understood well by administrators. However, there are still problems with the system.<sup>11</sup>

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<sup>11</sup> Most problems occur in the area of allowances. The number of allowances runs into the hundreds and may apply to either individuals or classes of civil servants; some allowances are voluntary and some are not (ie medical aid is a voluntary allowance, but the level of aid is determined by the State). Salary Services Bureau officials also express concerns that the percentage of overtime allowance payments compared to pay is high. In addition to allowances, there is a problem with people retiring and still getting paid. The Ministry of Education in particular has a problem because of multiple payrolls (ie government payroll, Unified Teaching Services payroll).

In particular, payroll information is difficult to retrieve. The Salary Services Bureau registry receives all documents that the ministries submit to the Bureau. Upon receipt, a registry clerk inputs the key data into the payroll system. The clerk opens a file for new employees or, if the ministry is requesting a change or leave action, the clerk searches for the file for existing civil servants. Every civil servant has a salary file. All salary files, whether open files or closed, are kept on site in the registry. Over time, the registry has become highly congested and it is difficult to retrieve information efficiently.<sup>12</sup>

Information flow diagrams for joiners, leavers and change procedures are in Appendix F.

## **Pensions**

### ***Overview of Process***

The Government operates one type of civil service pension scheme.<sup>13</sup> It is both compulsory and contributory for all permanently employed civil servants; 7.5% of a civil servant's salary is paid to the pensions office. The pension scheme does not include contract employees.

The current system is completely manual. However, in 1998 a consulting firm carried out a systems analysis. The Adjudication Committee is now preparing an evaluation report to submit to the Tender Board and there are hopes that a computerisation project will commence by the end of 1999.

### ***Records Issues***

One of the most significant problems is that information flow is slow. For example there are cases where a ministry does not properly notify an individual that they are to retire.<sup>14</sup> This is discovered because the individual continues working, but their pay cheque stops. To solve the problem, the Public Service Commission's regulations require that the ministry must re-employ the civil servant and then re-retire them. This increases overall salary costs to the government.<sup>15</sup>

The Pension Office of the Salary Services Bureau keeps all pension files. Transaction records in pensions do flow through the registry. Once a file is opened a location slip is created before the file is sent to the assessment department. However, once the file arrives in the assessment department all file tracking ends. Pension clerks do not fill out the location slip and send it to the registry as the file moves through the system. As a result, when an officer needs to find a file they must go to each section in the department to try to find it. In some cases this takes only a day, but in other instances it has taken up to four days or longer. Although it is rare for a file to become lost completely, much staff time is lost searching for files.

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<sup>12</sup> The research team was not permitted to view the registry facilities at the time of this visit.

<sup>13</sup> War veterans and war victims are paid under their own pension scheme.

<sup>14</sup> The Ministries of Health and Education have the highest occurrence of this problem.

<sup>15</sup> The research team was unable to obtain an approximate annual figure.

As a result of extreme congestion in the registry, many pension payments end up in a suspense account (ie a temporary deposit account) because the files are missing and the Salary Services Bureau cannot reconcile the pension with the pensioner. In some instances, the government has tried to deposit payments into a pensioner's account but cannot do so because the account is closed. The bank does not feel it is their responsibility to provide details on closed accounts and the pension office does not have the file so they cannot distribute the payment to the individual. It is estimated that ZIM\$ 7,000,000 is waiting in a suspense account for war veterans alone.

Process flow diagrams for Pensions are in Appendix G.

**LIST OF PEOPLE INTERVIEWED**

**Office of the Comptroller and Auditor-General**

Mr A E Harid, Comptroller and Auditor-General  
Mrs Vingirai, Director of Audit  
Mr S T Mutsau, Director of Audit  
Mr S A Mzondo, Deputy Auditor-General  
Mrs J Mukamba, Deputy Auditor-General  
Ms N Mandeya, Computer Auditor  
Ms E Lusiasi, Registry Supervisor  
Ms M Mutambudzi, Registry Clerk Classification

**Ministry of Finance**

***Accountant General's Office***

Mr J Gutu, Accountant General  
Mr P Mashingaidze, Deputy Accountant General  
Mr Zvandasana, Deputy Accountant General, Consolidated Accounts and Policy, National Development Fund  
Mr M E Gomwe, Chief Accountant, Aid Accounting and Parastatals, National Development Fund  
Mrs M Chimyemba, Assistant Chief Accountant (Internal Audit)  
Mr Nyakuedzwa, Senior Accountant  
Mrs S Guti, Senior Accountant, Debt Management, National Development Fund  
Mrs Z Muze, Accountant, Aid Accounting and Parastatals, National Development Fund  
Mr Pengese, Manager, Central Payments Office  
Mr R Mupatsi, Acting Supervisor, Central Payments Office

***Central Computing Services***

Mr K Jairoso, Deputy Director, Operations  
Mr C G DeSuza, Systems Analyst

***Administration and Finance***

Mr F R Makumbe, Chief Executive Officer, Accounts  
Mr A Katsande, Principal Executive Officer, Administration and Personnel  
Mrs Mute, Executive Officer, Administration  
Mrs F Muchemwa, Executive Officer, Personnel  
Mr Patrick Dambamupfe, Senior Clerk, Accounts  
Mr J Chiripanyanga, Clerk, Accounts

## ***Public Sector Expenditure Division***

Mr K Ziramba, Chief Economist  
Mr C Kwashirai, Principal Economist

## ***Department of Customs and Excise***

Mr C E Munyaradzi, Director  
Mr Maserere, Deputy Director  
Mrs P Freddy, Principal Executive Officer  
Mr M Cochrane, Collector, Internal Audit  
Mr J Chirenda, Registry Supervisor, Head Office

## **Ministry of Home Affairs**

### ***National Archives***

Mrs D Sibanda, Acting Deputy Director, National Archives  
Mr F Maunze, Head of Records Management  
Mr M Kanji, Archivist  
Mr P Ngulube, Chief Research Officer

## **Ministry of Public Service, Labour and Social Welfare**

### ***Salary Services Bureau***

Mr M Chifamba, Director  
Mr K Katamba, Deputy Director  
Mr S Chitambara, Deputy Director

### ***Pensions Office***

Mr Mnkandla, Deputy Director  
Mrs E Makore, Assistant Director, Accounting  
Mr J Mhlanga, Section Head, Computer Payments  
Mr S Samvura, Section Head, Finance  
Mrs J Kanyoka, Section Head, Assessment Section  
Mr S Basvi, Supervisor, Finance and Expenditure  
Mr W Tigere, Acting Supervisor  
Mrs L Chimalilo, Registry Supervisor



## **Ministry of Education, Sport and Culture**

Mr E Nbmafovero, Acting CEO, Expenditure, Finance Division  
Mr F Gasi, Acting Under Secretary, Internal Audit  
Ms P Mutero, Education Officer, Processing Division  
Mr M Makonese, Computer Operator  
Mr I Kiti, Acting Registry Supervisor, Policy Registry  
Mrs M Kamba, Registry Clerk Classified, Staff Registry

## **Ministry of Local Government and National Housing**

### ***Development in Practice (advisers)***

Mr A Mlalazi, Director  
Mr R Mellors, Director

## **World Bank, Zimbabwe**

Mr T Allen, Country Director

## **United Nations Development Programme**

Mr A Muzanenhamo, Programme Officer, Programme on Accountability and Transparency  
(PACT)

## Appendix B

### Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996

#### Section 3: APPROPRIATION ACCOUNTS

Comptroller and Accountant – General's Report		Issues		
Vote	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
<p>Vote 1: Office of the President and Cabinet</p>	<p>Improper Maintenance of Financial Records</p>	<p>4. I am concerned at the manner in which the registers for advances, public service surcharges, orders and fines and departmental surcharges are being maintained by the Department of Central Statistical Office. The registers are not being regularly updated and checked.</p>	<p>✘</p>	<p>Computerised records will not contain or generate accurate information if this is deliberately not entered (captured)</p> <p>Interim (within year audits / inspections could track failure to capture data and withhold further advances until records were updated.</p>
<p>Vote 2: Parliament of Zimbabwe</p>	<p>Advances (including disallowances)</p>	<p>2. I observed that some outstanding advances date back to 1990 and I am concerned over the lack of recovery or clearance of foreign advances amounting to \$42 264 from four honourable members since 1994/95 financial year.</p>		<p>The salaries system (SSB) is designed to recover this type of advance from employees. It may be that individuals advances are not captured and repayments due not therefore computed.</p> <p>This type of avoidance of programmed procedure could be detected within year and acted on before year end by internal audit.</p>
<p>Original Estimate for Vote:</p> <p>Z\$ 33,995,000</p> <p>MPs salaries and allowances and subsistence and transport</p> <p>Z\$ 13,137,000</p>				

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote		Comptroller and Accountant – General's Report		Specific Records Mis-management	Issues
		Finding	Comment of C&AG		
Vote 3 : Public Service, Labour and Social Welfare	Budgetary Control	2. Ineffective commitment control and failure to comply with correct procedures for processing virements resulted in unauthorised excesses on 15 items of the Vote totalling \$946 716.			It would appear the computerised accounts system does not enforce hard budget constraints.
	Unvouchered Expenditure				
Original Estimate: Z\$ 1,348,560,000					

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

		Comptroller and Accountant – General's Report		Issues	
Vote	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues	
Vote 3 continued	Misappropriation of Public Funds	5. The high incidence of misappropriation of public funds within the Ministry's departments is of concern to me. Amounts remaining uncleared in the advances accounts as of June 30, 1996 amounted to \$798,544.	The manual commitment register which is meant to reconciled monthly, and the Appropriation Report from the accounts system would reflect expenditure at any time after it occurred. This is an example of records NOT being sought.	The computerised system in use and the planned PFMS can track expenditure, perhaps auditors need to be obliged to include specific expenditure tracking in their programmes. ie programmes designed to meet known areas of weakness.	
	Advances (including disallowances)	7. The Ministry's advances records for all sub-votes were either inadequate or incomplete. Reconciliation of manual advances records and the computer printout need to be improved.  7.3 A number of officers had multiple outstanding balances on subsistence and transport as at the close of the financial year. Standing instructions forbid the issue of additional advances until the advances made in previous months have been cleared or adjusted.	<b>X</b>		
Salaries Estimate:  Z\$ 78,710,000	New Salary Service Bureau Computerised System	12. The Government was defrauded of more than \$1,425,120 through the manipulation of pay records by a Salary Service Bureau official. The new computerised payroll system which became operational in June 1995 had not been fully developed and testing procedures were not adequately carried out.		It is important that the requisite controls to prevent this type of occurrence have been included in the PFMS design.	

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 4: Defence	Budgetary Control	1. Payment vouchers amounting to \$76,619,199 which were a legitimate charge to the vote during the current financial year were held back and carried forward to the 1996/97 financial year. This action had the effect of understating the total expenditure of the Vote by the same amount.		Another example where neither records nor computerisation can enforce the implementation of procedures.
	Fraudulent Payments to Surgic Equipment Supplies (Pvt) Limited: \$1,179,900	3. The Ministry was defrauded of \$1,179,900 purported to be payment for 108 gear boxes supplied to the Zimbabwe National Army Ordnance Supply Depot (Groups 1 and 2) by a bogus company Surgic Equipment Supplies (Pvt) Limited. Due to lapse in the implementation of internal check and control system the fraud was discovered long after \$1,094,450 of the total payment of \$1,179,900 had been withdrawn from a Post Office Savings Account where the cheque payments were deposited by the Company		Improved Internal Audit would deter or at least detect this early. It undermines potential gains from improved records management.
	Imprest Accounts: Zimbabwe National Army: Fraudulent and Irregular Payments: \$2,896,323	4. Payments amounting to \$2,896,323 made from Zimbabwe National Army imprest account were not properly acquitted as explained below: - A payment of \$2,015,444 purportedly for demobilised and discharged members was not properly acquitted to the members. There was no evidence that the members received the money. - Dual payments amounting to \$809,093 were fraudulently made - There were no invoices to support payments amounting to \$71,786.	<b>X</b>	As above

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 5: Finance	Sub-Vote I: Administration and General Public Financial Assets  Sub-Vote III: Customs and Excise Advances Block Grant	3.1 Investment certificates valued at \$485,565,201 were not produced for my verification.  4.1 Advances records were poorly maintained resulting in long-outstanding balances in advances travelling and subsistence, advances miscellaneous and disallowances.	<b>X</b>          <b>X</b>	          This is a recurrent issue throughout the report. Clearly, PFMS could suffer the same abuses, ie non-entry of information.

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Specific Records Mis-management	Issues	
	Finding	Comment of C&AG		Audit Issues/Computerised Systems Issues	
Vote 9: Lands and Water Resources	Failure to submit returns	<p><b>1. The Ministry failed to submit for audit the following returns:</b></p> <p>1.1 Administration and General Sub-Vote Subsistence and Travel</p> <p><b>Inter-Departmental Clearance: Interim Salary Advance</b></p> <p>1.2 Water Development Sub-Vote</p> <p>Central Payments Office Water Development Working Account</p> <p>Imprest: Manicaland</p> <p>Advances &lt;listed in report&gt;</p> <p>Temporary Deposits &lt;listed in report&gt;</p>		Advances to individuals are meant to be recovered from employee salaries. Where this does not happen, the relevant data may not be being captured	
	Improper Accounting Records	<p><b>2. The Ministry did not have the following accounting records in place:</b></p> <p><b>2.1 Administration and General Sub-Vote: On-Sight Payments Advances: Disallowances, Interim Salary Advances, Advances Miscellaneous, Departmental Surcharges, Compensatory or Ex-Gratia Payments</b></p> <p>2.2 Surveyor General Sub-Vote: Temporary Deposits – Sale of Photographs, Temporary Deposits – Suspected Disallowances, Outstanding Departmental Surcharges, Outstanding Disallowances</p> <p>2.3 Water Development Sub-Vote: Vote of Credit Transfers, Compensatory or Ex-Gratia Payments</p> <p>2.4 Suspense Accounts: Administration and General and Surveyor General Sub-Votes: With the exception of the Temporary Deposits segment of the suspense accounts, no monthly reconciliations were being carried out throughout the financial year.</p>	<b>X</b>	PFMS design needs to take National Development Fund accounting requirements into account (this may already be the case).	

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General’s Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 10: Agriculture	Submission of Returns	<p>1. The Ministry failed to submit the following returns for audit: Receipts and Disbursements, Losses of and Damages to State Property</p> <p>1.1 The other returns were submitted well after the statutory deadlines as follows, thus seriously hampering my timeous completion of the audit.</p>		Internal Audit could have flagged this trend within year when “stop loss” action was still possible.
	Public Financial Assets	<p>3. The liability of the Ministry on the loans stood at 29 (1994/95: 27 out of 59) on-lent loans which were not supported by on-lent agreements from a total of 60 on-lent loans to parastatals that were administered by the Ministry.</p>		Would PFMS flag disbursements of on-lent loans where the code for the agreement had not been input?
	Loan Guarantee and Rent Records	<p>4. The Ministry did not maintain an independent record of its guarantees in respect of loans to Parastatals it administered, relying instead on quarterly returns furnished to it by the Parastatals. I was therefore not satisfied that the \$3,677,364,053 compiled from the Parastatals returns as the Ministry’s total liability as at June 30, 1996, was correct.</p> <p>4.1 Furthermore the housing rents financial records were not up-to-date at the conclusion of my audit which could result in loss of revenue to the Ministry.</p>	<b>X</b>	<p>Would PFMS record guarantees for loans or their absence?</p> <p>If this information (on guarantees) were generated, would the report be requested for monitoring and by whom</p> <p>Housing rents – SBB should make these deductions. If it does not, it could be because requisite data is not captured.</p>



**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 12: Transport and Energy	Unauthorised Expenditure	<p>1.1 It is a requirement of Treasury that invoices for goods and services are due and payable when goods are delivered or services rendered. However, in a sample audit, 59 unprocessed vouchers totalling \$1,124,321 were held back during the financial year. This action had the effect of understating by a like amount, the total expenditure on the Vote as a whole. Furthermore, the expenditure will have an adverse effect on the Ministry's cash flow in the 1996/97 financial year.</p> <p>1.2 The Department of Civil Aviation incurred \$130,512 due to withheld vouchers. Out of this amount, \$104,696 were exchange losses and \$25,816 were for interest rates.</p>		<p>Taking delivery of goods for which there is no budgetary provision is in contravention of the payments procedures as seen. The commitments register would (if up-to-date) show clearly where funds are available.</p> <p>Deliberate contravention can only be deterred.</p>
	Advances (including Disallowances)	<p>2.1 A Deputy Secretary at the Ministry of Transport and Energy was advanced \$12,000 for a business trip to Portugal which was subsequently cancelled. I did not find any evidence to suggest that the money was refunded. In addition, the officer in question had several other advances which had not been cleared although he continues to receive fresh ones.</p> <p>2.2 Two Deputy Secretaries were overpaid by \$6,000 each on their December 1995 gross salaries and I did not see any evidence to suggest that the Ministry had recovered the overpayments.</p>		<p>The weakness of SSB in making deductions from personal emoluments recurs across ministries (see above)</p>

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues		
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues	
Vote 12: continued...	Failure to Submit Returns	3. Fourteen returns were not submitted for audit, namely: Receipts and Disbursements 1994/95; Extraneous Works: Central Laboratory, Central Mechanical Equipment Department, Defence, Central Laboratory Samora Machel and Mutare, Lands, Local Government, Post and Telecommunications, Civil Aviation, Water Development, Local Authorities, Provision Cont; Provincial Clearing Account (old), Departmental Assets			
			4. As was reported during the previous financial year the Ministry did not maintain a Contingent Liabilities Register. The return submitted for audit by the Ministry was a collection of individual returns submitted by the Statutory Bodies whose borrowings had been guaranteed by Government. The accuracy of balances in respect of guarantees issued to cover loans made to Statutory Bodies was rendered suspect.	<b>X</b>	
			5. The Ministry did not produce a departmental assets certificate for audit. I could not, therefore, satisfy myself on the completeness of the departmental assets records.	<b>X</b>	
	Statement of Receipts and Disbursements as at June 30, 1996	6. The return submitted by the Ministry had a 'nil' opening balance whereas the Treasury consolidated return showed a balance of (\$20,782,014) as at June 30, 1995. No effort was made to reconcile the Ministry's opening balance with Treasury records. I was therefore unable to satisfy myself on the accuracy of this return.		Would PFMS avoid this situation? If so how?	

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 13: Foreign Affairs Original Estimate:  Z\$: 364,220,000	Outstanding Invoices  Departmental Asset Certificate	<p>7. Invoices which remained unprocessed at the end of the financial year amounted to approximately \$43 million (1994/95: \$2 million). Had these invoices been processed, the Ministry would have exceeded it Vote by about \$42 million.</p> <p>Materiality: 11.53%</p> <p>2. For the third year, I was unable to place any reliance on the Departmental Asset Certificate as the Master Asset Register was not up to date. There were numerous discrepancies noted between Mission records and Head Office records.</p>	<b>X</b>	<p>Unprocessed invoices often represent goods already received, ie the commitment has crystallised and will probably be carried forward in to the next fiscal year. This affects budget performance for the next year.</p> <p>This is a clear example of a lack of enforcement of procedures, which would not be solved by computerisation and records management alone.</p>

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General’s Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 14: Local Government, Rural and Urban Development	Loan to ZUPCO	1. An amount of \$10 million was loaned to epic with effect from September 1, 1993 without a signed agreement as a way of formalising the transaction. The balance outstanding as at June 30, 1996 was \$8,098,024.		
	Departmental Assets	3. The Departmental Assets Certificate submitted to me could not be substantiated as asset records were poorly maintained and there was lack of control over assets.	<b>X</b>	
	Returns not Submitted	4. The following returns were not submitted for my examination and, as a result, I could not satisfy myself on the admissibility of these balances: Advance – Central Rates Fund; Advances Miscellaneous; Head Office, Marondera, Chinhoyi, Travelling and Subsistence – Derude, IDCS – Derude, Disallowances – Derude		

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 16: Education <sup>16</sup>	Budgetary Control	1.1 Due to the ineffective commitment controls and failure to follow correct procedures for processing virements, unauthorised excess expenditure was incurred on 11 items (1994/95: 13 items) of the Vote as shown below <listing in report>.		PFMS and enhanced records management would not address failure to follow correct accounting procedures.
Original Estimate: Z\$ 3,666,663,000	Inadequate Records and Outstanding Returns	3. I could not satisfy myself with the correctness of balances outstanding on advances (including disallowances), temporary deposits and departmental surcharges because ledgers or registers were either poorly maintained or did not exist. The combined unadjusted suspense accounts and departmental surcharges amounting to \$205,661,301 (1994/95: \$104,097,237) were not submitted for my examination.	<b>X</b>	
	Advances (including Disallowances)	4. A sample test check on documents made available disclosed that a net amount of \$10,195,081 (1994/95: \$14,211,687) on advances had remained outstanding for varying periods of up to fourteen years as at June 30, 1996.		

<sup>16</sup> The Comptroller and Auditor-General notes that 'I have examined the Education Appropriation Account and, in view of the numerous and widespread qualifications detailed below, I am unable to express an opinion, and I do not express an opinion on the expenditure and receipts of the Vote for the financial year ended June 30, 1996.'

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

		Comptroller and Accountant – General's Report		Issues	
Vote	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues	
Vote 17: Sport, Recreation and Culture	Advances (including Disallowances)	<p>1. I could not satisfy myself that the returns submitted for audit properly reflected amounts outstanding as at June 30, 1996 since registers/ledgers required by Treasury Instructions were either not maintained or were not written up and no reconciliations were carried out between the register/ledger balances and the Central Payments Office printout.</p>	<b>X</b>		
				<p>2. The validity of the departmental assets certificate submitted to me by the Accounting Officer was suspect because certificates from all provincial/regional centres were not presented for audit. Furthermore, transfer formalities for provincial/regional centres' assets inherited from the former Ministry of Education and Culture were not carried out.</p>	<b>X</b>
Vote 18: Higher Education	Unvouched Expenditure	<p>3. My examination revealed that expenditure of \$418,155 (1994/95: \$170,221) was not adequately supported by relevant vouchers to enable me to determine whether it formed a valid and proper charge to public funds.</p>	<b>X</b>		
				<p>4. Inadequate records coupled with the inappropriate use of the temporary deposits account has resulted in the Ministry's failure to timeously clear outstanding amounts and take corrective action where necessary. The audit of temporary deposits documents produced for audit revealed that a total of \$369,885 had been outstanding for varying periods in excess of six months. In accordance with Treasury Instructions these amounts must be transferred to Revenue. Debit balances which should have been transferred to the advances account amounted to \$550,149 as at June 30, 1996.</p>	<b>X</b>
Z\$1,083,352,000	Temporary Deposits				

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote		Comptroller and Accountant – General's Report		Specific Records Mis-management	Issues Audit Issues/Computerised Systems Issues
		Finding	Comment of C&AG		
Vote 19: National Affairs, Employment Creation and Co-operatives		Departmental Assets	<p>2.2 Although physical assets count was carried out, not all of the Ministry's offices were covered and no comprehensive reconciliations of assets to the records were in evidence.</p> <p>2.3 The register was out of date.</p>	<b>X</b>	
Vote 20: Home Affairs Estimate:  Z\$1,120,851,000		Advances (including Disallowances)  Receipts and Disbursements	<p>3.2 I was unable to verify figures analysed below, which featured on the Central Payments Office printouts as the returns that support the figures were not submitted for audit &lt;details listed in report&gt;</p> <p>4. As was the position in the previous year, the Ministry failed to submit for my audit the return for Receipts and Disbursements. I was therefore unable to verify the correctness of the total amount of \$47,379,971 which featured on the Exchequer Account as revenue of the Ministry for the year. I am concerned that the Ministry has not submitted the return for the past three years in succession as the last return that I examined was for the 1992/93 financial year. The statement submitted by Zimbabwe Republic Police had an imbalance of \$15,731 and no satisfactory explanation was given</p>		

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Specific Records Mis-management	Issues Audit Issues/Computerised Systems Issues
	Finding	Comment of C&AG		
Vote 20: continued...	Unvouched Expenditure	5. My examination revealed unvouched expenditure amounting to \$12,836,362 made up of missing payment vouchers of \$2,518,357 and inadequately supported payment vouchers of \$10,318,005. I could therefore not determine whether the expenditure incurred formed a proper charge to public funds.	✘ Where requisite records DO NOT come in to existence, the solution must lie in audit to bring about the compliance to procedures requiring the record to be created.	Weak internal audit; weak payments (accounting) procedures or non-compliance Issue is will PFMS rectify this. How will compliance be brought about regarding data capture for PFMS?
Estimates for Salaries and Allowances:  Z\$ 644,550,000	Maintenance of Records	6. I am concerned that the Ministry did not keep proper accounting records in the form of registers and ledgers for the following accounts as required by the treasury Instructions: Head Office – Advances Travelling and Subsistence Elections, Losses of and Damage to State Property, Departmental Assets Register, Head Office and Zimbabwe Republic Police – Receipts and Disbursements, Miscellaneous Advances; Zimbabwe Republic Police – Advances Travelling and Subsistence, Advances Medical, Temporary Deposits Cycles and Watches	✘	These are critical for the recovery from future salary payments where the TI requires it. Unvouched expenditures could mask a systemic fraud in this area.
	Loss Due to Acts of Fraud	7. The Ministry was fraudulently charged an amount of \$1,425,120 when an employee of the Salary Service Bureau manipulated pay records by reactivating the pay file of a deceased member of the Zimbabwe Republic Police and transferred the amount into his bank account.	Another instance of records not coming in to existence as required by the TI.	Computerisation or new computerised systems do not necessarily address fraud issues. Computer audit within the accounting period may help.



**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Issues	
	Finding	Comment of C&AG	Specific Records Mis-management	Audit Issues/Computerised Systems Issues
Vote 21: Justice, Legal and Parliamentary Affairs  Estimate:  Z\$ 277,358,000	Budgetary Control          Zimbabwe Tender Board Resolutions (TBRs): Animal Stock Feeds  To be approved, prices may have been exceeded by 83% - check C&AG report again, also w/staff	1. It is a requirement of the Treasury Instructions that bills for goods and services are due and payable on presentation. However, in a sample audit, two payment vouchers from a certain company totalling \$100,280 were not presented for payment but held back during the financial year. The current financial year's total expenditure was therefore understated by the same amount. This is the fourth time in as many years that I have observed this practice.  4.2 A sample audit revealed that since the award of the tender to another company, the company charged and continued to charge prices above those granted by the Tender Board. The total unauthorised expenditure incurred for the financial year under review was \$192,346 (\$379 049 less a credit note for \$186,703 passed in February 1996). This state of affairs suggest very lax internal checks and controls.		

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

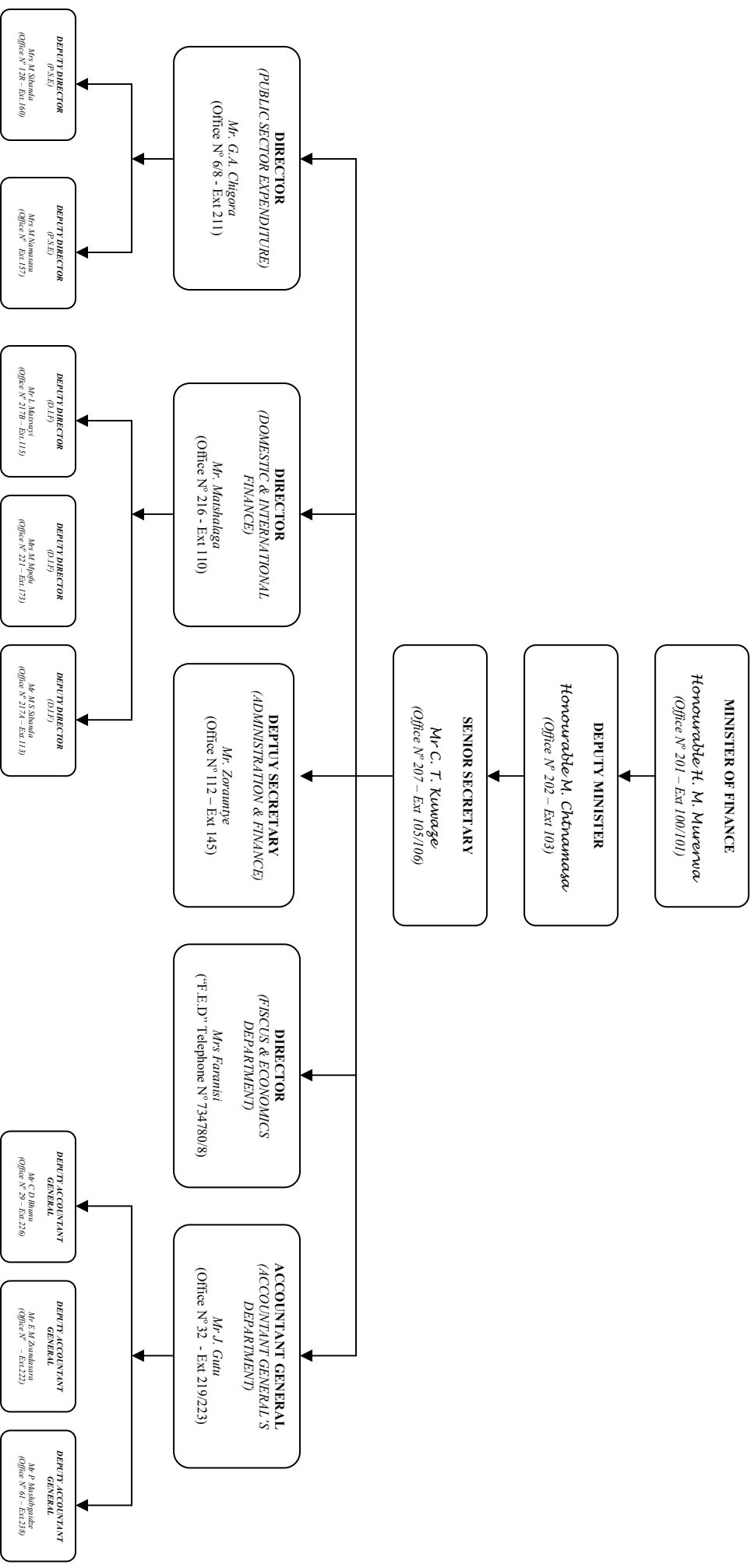
Vote	Comptroller and Accountant – General’s Report		Specific Records Mis-management	Issues Audit Issues/Computerised Systems Issues
	Finding	Comment of C&AG		
<p>Vote 22: Information, Posts and Telecommunications</p> <p>Estimate: Z\$ 337,122,000</p>	<p>Gifts, Legacies and Donations</p>	<p>3. Although the Ministry received gifts and donations worth \$278,603 during the financial year under review, they submitted to me a nil return for audit. This could result in assets not being accounted for and subsequently could be converted to personal use.</p>	✘	
<p>Vote 24: Public Construction and National Housing</p> <p>Estimate: Z\$ 921,776,000</p>	<p>Departmental Assets</p>	<p>2. Last year I reported that, lack of controls and security over departmental assets had resulted in increased cases of asset deficiencies and losses, this continued into 1995/96 financial year. Internal Audit reports revealed that in Matabeleland South Province assets were being loaned and allocated to individuals for personal use.</p>		

**Analysis of the Report of the Comptroller and Auditor-General for the Financial Year Ended June 30, 1996**  
**Section 3: APPROPRIATION ACCOUNTS**

Vote	Comptroller and Accountant – General's Report		Specific Records Mis-management	Issues Audit Issues/Computerised Systems Issues
	Finding	Comment of C&AG		
	Outstanding Revenue	<p>3.1 For the second year in succession Head Office failed to submit a return for outstanding interest on loans. The Ministry therefore was not able to provide me with the total figure for outstanding revenue.</p> <p>3.2 There were insignificant recoveries in respect of the following revenue items, Outstanding Treasury Orders, Audit Surcharges, Departmental Surcharges and Public Service Surcharges due to ineffective recovery procedures.</p>	<b>x</b>	
	Non Submission of Returns	<p>5. Temporary Deposits returns for Head Office amounting to \$4,817,779 and the return for Losses of Damage to State Property were not submitted for audit.</p>		

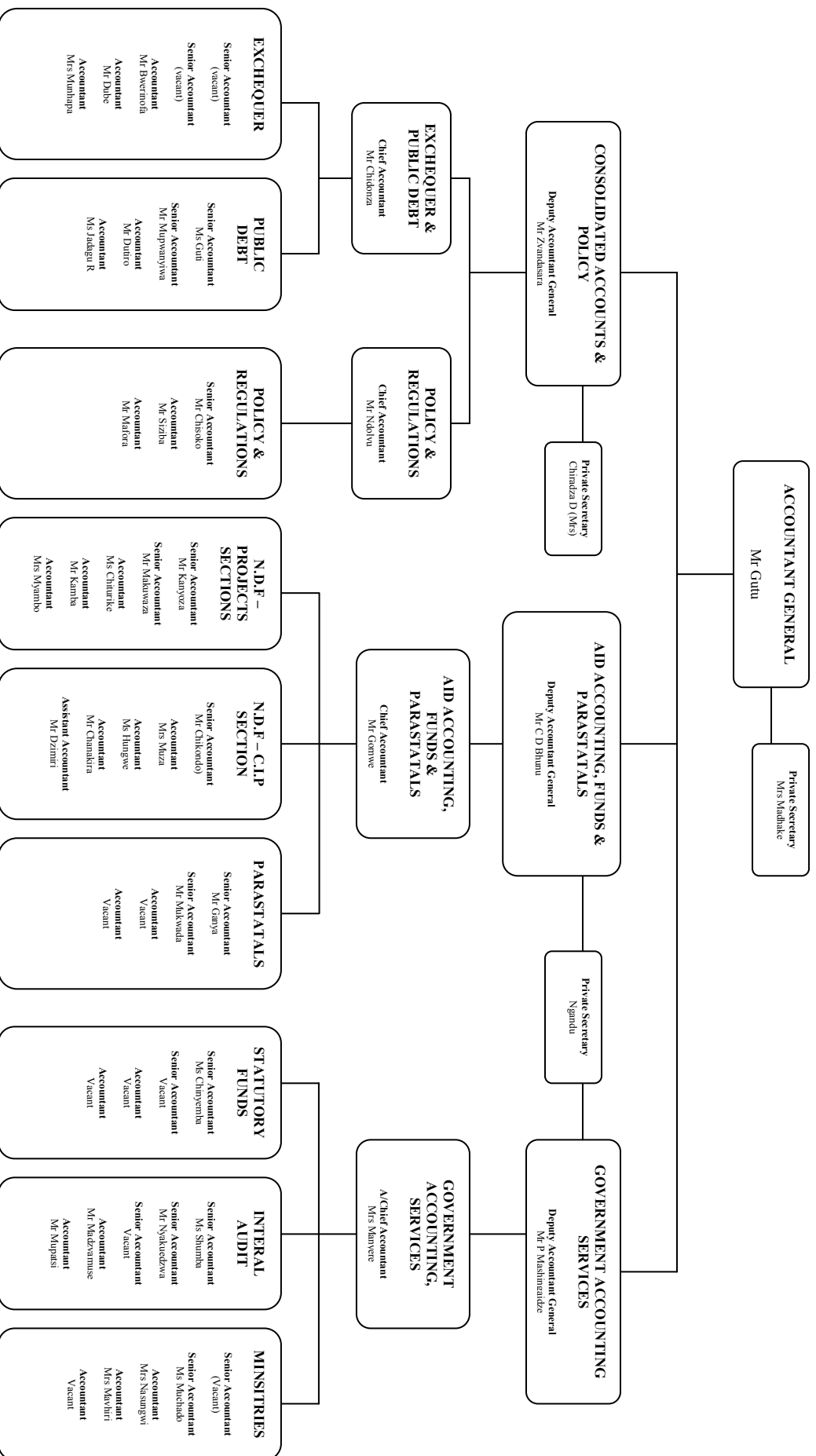
**ORGANISATIONAL CHARTS: MINISTRY OF FINANCE**

**Chart**



# ACCOUNTANT GENERAL'S DEPARTMENT

## ORGANISATIONAL STRUCTURE



**GOVERNMENT OF ZIMBABWE  
ANALYSIS OF DOCUMENTATION FLOW**

**PAYMENTS**

<b>PROCEDURES</b>	<b>RECORDS</b>	<b>DOCUMENTATION CONTROLS</b>
<b>Purchases and procurement of supplies and services</b>		Treasury Instructions = TI, Accounting Manual = AM
Issue requisition (1) (Line Ministry)	Request forms Treasury General Authority Estimates Tradesman's Requisition (No 67221)	Approval of request by two signatories. Control of requisition books and pads (AM 1.1). TI 0900 - 1029: Control and classification of expenditure; Tender Board procedures and use of tender documents.
Issue requisition (2) (Line Ministry)	Request forms Inter-departmental requisition	Approval of request by two signatories. Control of requisition books and pads (AM 1.1). TI 1030 - 1035: Use of specialised and standard requisition forms (AM 1.1).
Process requisitions (Line Ministry)	Tradesman's Requisition (No 67221) Specialised form or inter-departmental requisition form (60570-1)	Verification and checks on requisition (TI 1200 - 1202 and AM 1.2). Requisition checked and authorised (AM 1.2/1.3). Destruction scheduled TI 1203
Record commitment (Accounts Section)	Commitment Register	Ensure availability of funds AM 3.3
Receive supplies and services (Line Ministry)	Issue Voucher 60840-8 for outside supplies and services; and Issue/Receipt Voucher 60850-5 for Inter-Departmental transfers	Verification and distribution of copies of Issue/Receipt Voucher by Accounting Clerk, Stores Clerk; and Requisition Clerk; Vouchers filed. (AM 1.4)

<b>PROCEDURES</b>	<b>RECORDS</b>	<b>DOCUMENTATION CONTROLS</b>
<b>Processing Documents for Payment</b>		
Payment of purchase requisitions (Line Ministry)	Tradesman's Requisition; Invoice; Issue/Receipt Voucher	TI 1200-1225 Verification checks, Authorisation by Requisition Clerk (AM 2.1)
Payment of purchase requisitions (Line Ministry)	Tradesman's Requisition; Invoice; Issue/Receipt Voucher	TI 1200-1225 Verification checks, Certification by Accounts Clerk; Passed for payment by Accountant. (AM 2.1)
Payment of Inter-Departmental Accounts (Accounts Section0)	Statements and invoices; Issue/Receipt Voucher; Payment Voucher 61680-7	Verification checks, Certification by Accounts Clerk; Enter into Commitment Register; Payment Authorised (AM 2.2)
<b>Processing Documents for Payment continued</b>		Treasury Instructions = TI, Accounting Manual = AM
Payment of Requests for Advances	Short Receipt Form 61520-9 Payment Voucher 61680-7 Advances Control Card	TI 1500-1509 Authorisation by applicant's Head of office; Accountant signs as passed for payment; Receipt Form filed.
Travel and Subsistence Claims	T&S Claim 61570-4 Commitment Register	Verification checks by Head of Office; Verification checks by Accounts Clerk; Enter into Commitment Register; Passed for payment by Accountant (AM 2.5) Forms retained by Accounts Clerk

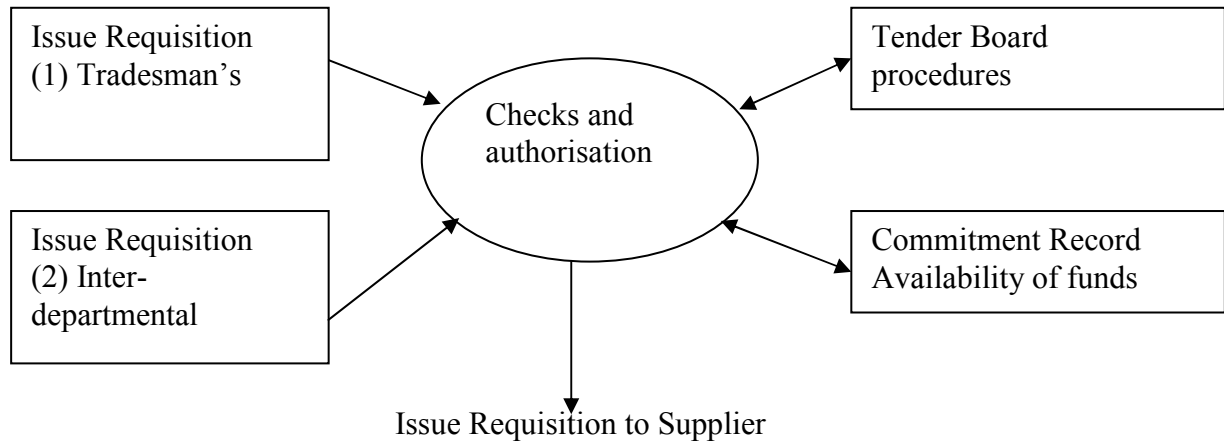
<b>PROCEDURES</b>	<b>RECORDS</b>	<b>DOCUMENTATION CONTROLS</b>
Payment Vouchers	Payment Voucher 61680-7 Supporting documents	Verification checks by Head of Office; Enter into Commitment Register; Passed for payment by Accountant (AM 2.6)
Transmission of Payment Vouchers to and return from the Central Payments Office (CPO)	Tradesman's Requisitions, T & S Claims, Payment Vouchers, Journal Vouchers; Schedule of Accounts 61490-2; Computer input readout (to check accuracy of processed data)	Verification checks by Collating Clerk before and after input; Corrections by Journal Voucher; CPO reference number; Vouchers filed by CPO reference number. (AM 2.7)
Accounting for expenditures (CPO)	Certificate of payment; Monthly print-out of payments	Comparison with batch inputs; Reconciliation by ministries
Processing data (Central Computing Services)	Direct deposits to creditors' banks (diskette); Cheques for each bank; General Ledger	Back-up tapes; Reconciliation of output data by CPO and ministries
Record commitment from Schedule of Accounts	Commitment Register	Schedule of Accounts filed (AM 2.7)



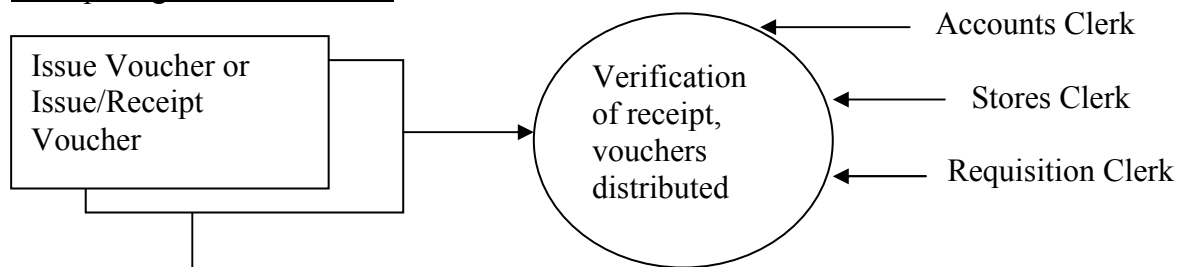
# GOVERNMENT OF ZIMBABWE

## Analysis of documentation flow: payments

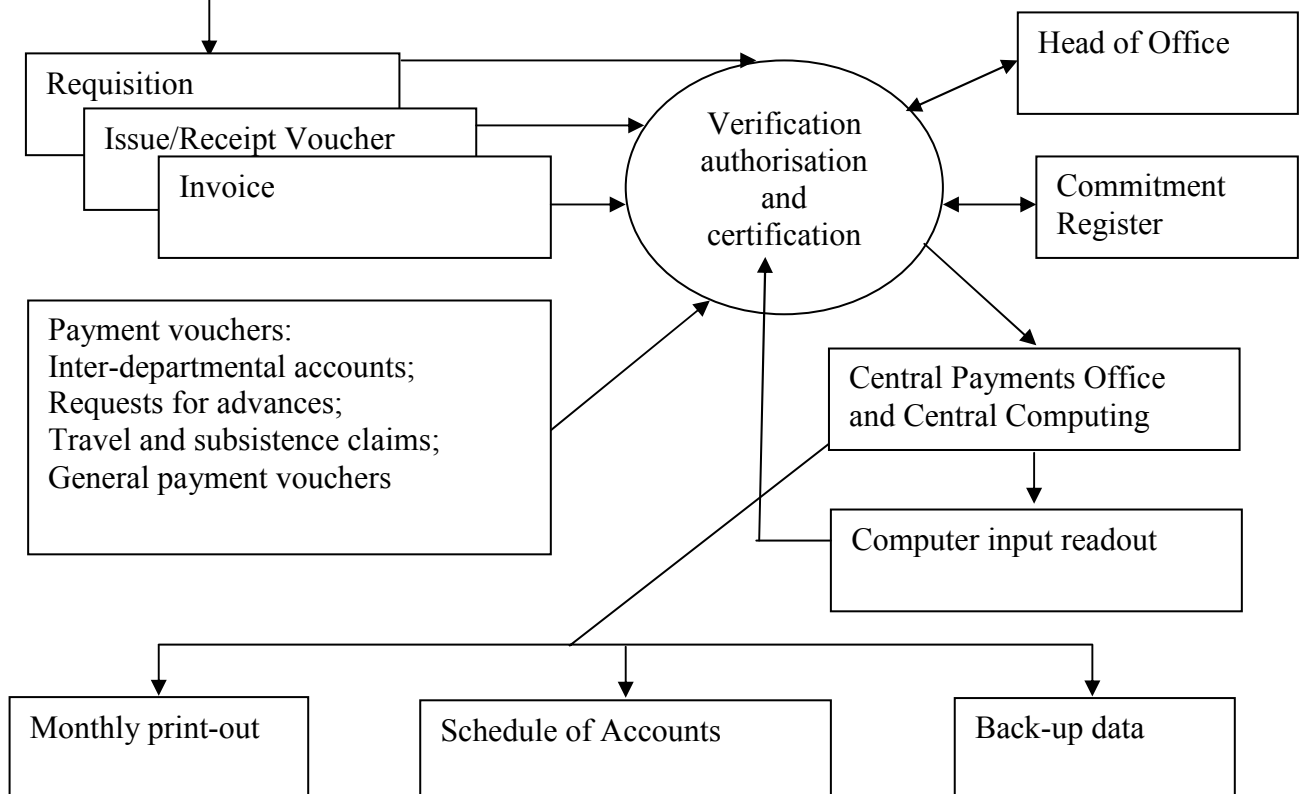
### Procurement



### Receipt of goods and services



### Payment



## Appendix E

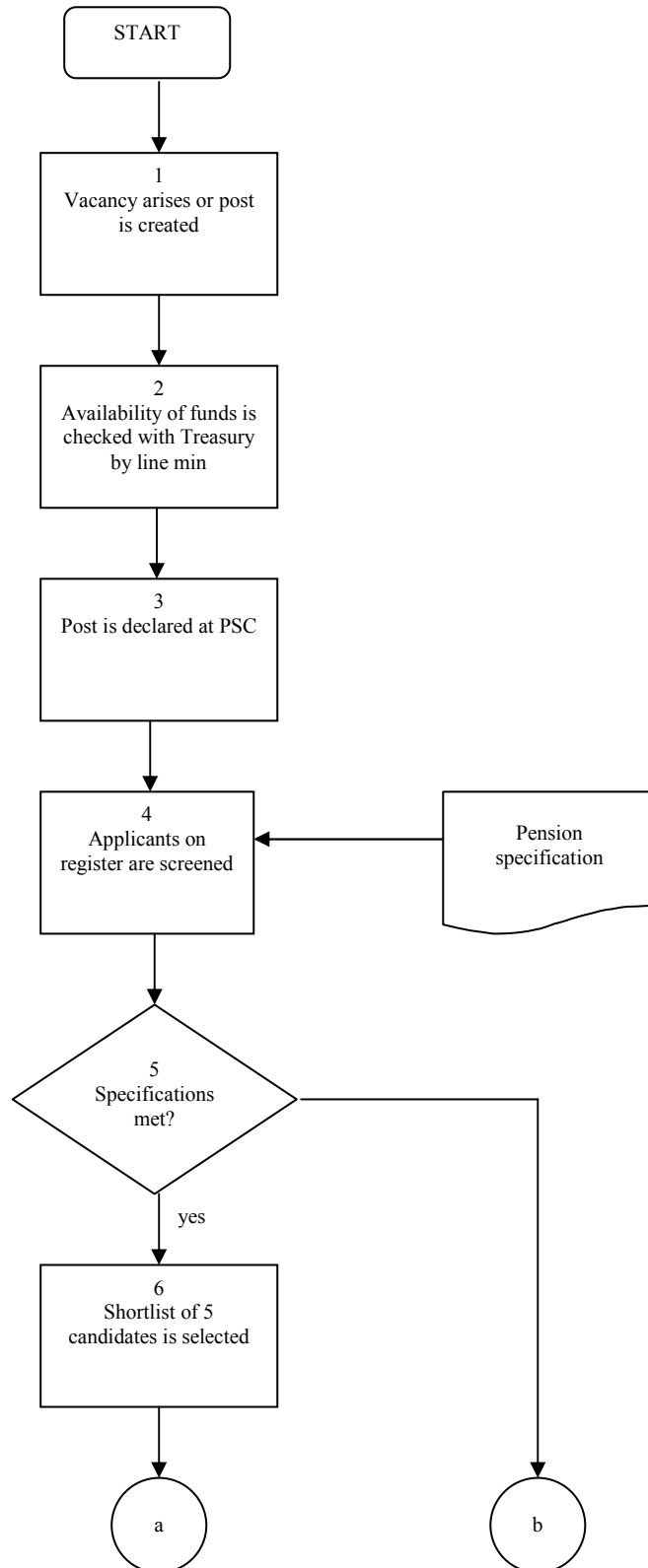
Public Sector Financial Management System (PFMS) Reporting Requirements		
Function	Application	Reporting Requirements
GENERAL LEDGER	Control reports and reference listing	<ul style="list-style-type: none"> <li>• transactions audit list</li> <li>• reconciliation reports for transactions automatically updated from other applications</li> <li>• trial balances by reporting entity</li> <li>• chart of accounts</li> <li>• annual budgets</li> <li>• profiled budgets</li> <li>• cost centre code list and structure</li> <li>• project code list and structure</li> <li>• exception reports (eg journals over a specified amount)</li> <li>• bank/cash account reports</li> </ul>
	Management Information	<ul style="list-style-type: none"> <li>• cost centre reports</li> <li>• summary cost centre reports</li> <li>• variance analysis reports at both cost centre and summary cost centre levels</li> <li>• suspense account reports</li> <li>• travel and subsistence advances reports – aged analysis report</li> <li>• cash availability report by reporting entity</li> <li>• system-wide cashflow statements</li> <li>• donor funded projects reports</li> <li>• bank reconciliation details</li> <li>• full trial balances for each reporting entity</li> <li>• reports in the format of the annual financial accounts summarising the trial balance</li> </ul>
PROCESSING	Period end processing	<ul style="list-style-type: none"> <li>• control and management information reports for the period</li> </ul>
	Year end processing	<ul style="list-style-type: none"> <li>• reports on annual figures</li> </ul>

Public Sector Financial Management System (PFMS) Reporting Requirements		
Function	Application	Reporting Requirements
ACCOUNTS PAYABLE	Control reports and reference listings	<ul style="list-style-type: none"> <li>• supplier master file</li> <li>• supplier file maintenance listings</li> <li>• employee master file (for advances)</li> <li>• employee file maintenance listings</li> <li>• transaction lists</li> <li>• order listings for each reporting entity</li> <li>• audit transaction reports</li> <li>• payment control lists</li> <li>• cheques issued listings</li> </ul>
	Management Information	<ul style="list-style-type: none"> <li>• purchases raised within a reporting entity</li> <li>• report of total value of orders placed month by month or annually for each Tender Board Resolution</li> <li>• reports detailing amendments to order price or quantity</li> <li>• aged creditors list</li> <li>• prioritised payment schedules</li> </ul>
PROCESSING	Period end processing	<ul style="list-style-type: none"> <li>• control and management information reports for period</li> <li>• supplier turnover statistics</li> </ul>
	Year end processing	<ul style="list-style-type: none"> <li>• current year to date and zerorise current year to date supplier turnover statistics</li> </ul>

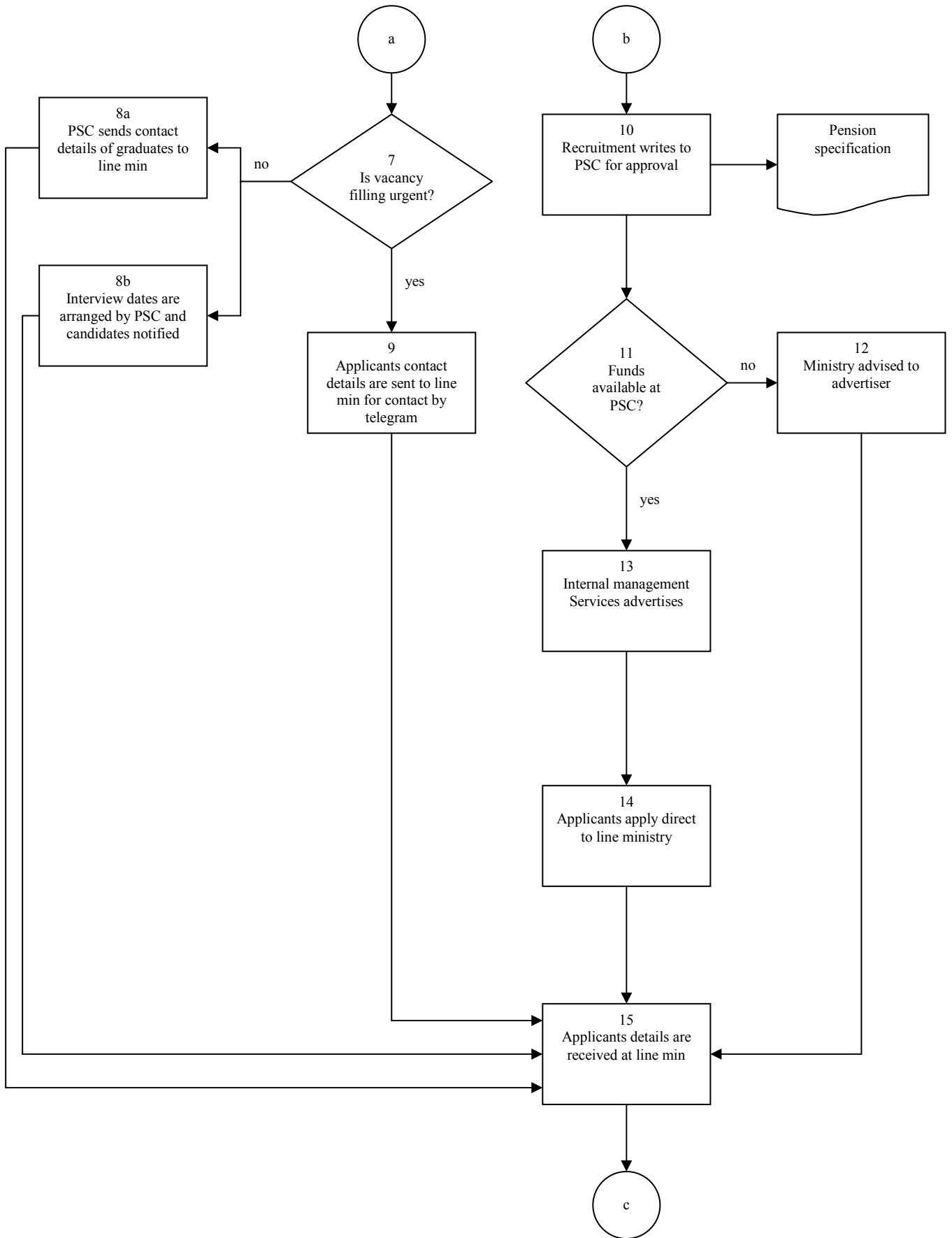
Public Sector Financial Management System (PFMS) Reporting Requirements		
Function	Application	Reporting Requirements
ACCOUNTS RECEIVABLE AND SALES INVOICING	Control reports and reference listings	<ul style="list-style-type: none"> <li>customer master file</li> <li>customer file maintenance listings</li> <li>transaction lists</li> <li>age analysis report of outstanding invoices for each reporting entity</li> <li>audit transaction reports</li> <li>control lists</li> </ul>
	Management Information	<ul style="list-style-type: none"> <li>report of total value of moneys received</li> <li>report of overdue invoices</li> </ul>
	Period end processing	<ul style="list-style-type: none"> <li>control and management information reports for period</li> <li>listing of debtor and sales ledger transactions</li> </ul>
PROCESSING	Year end processing	<ul style="list-style-type: none"> <li>report on annual figures</li> </ul>

**DATA FLOW DIAGRAMS: PAYROLL**

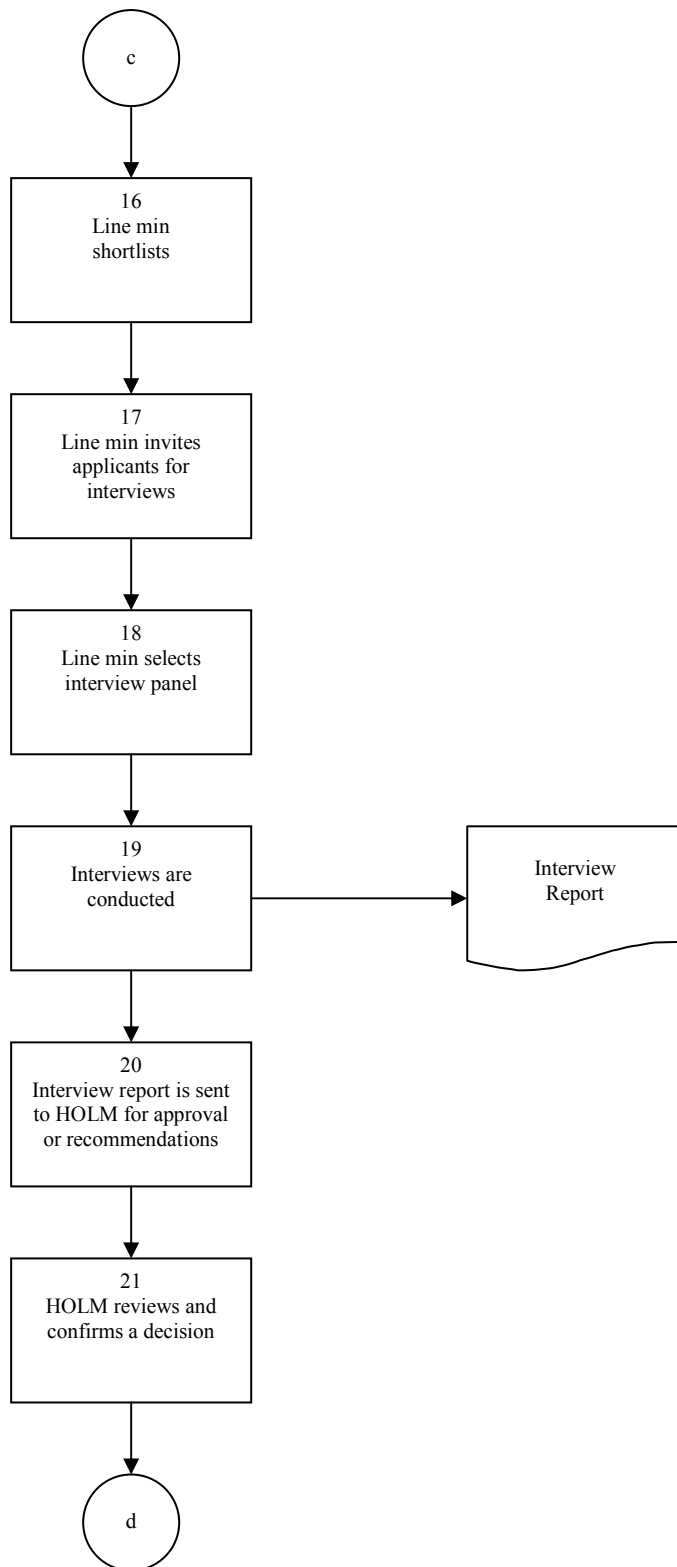
APPLICANT SELECTION PROCESS – (ENTRY LEVEL)



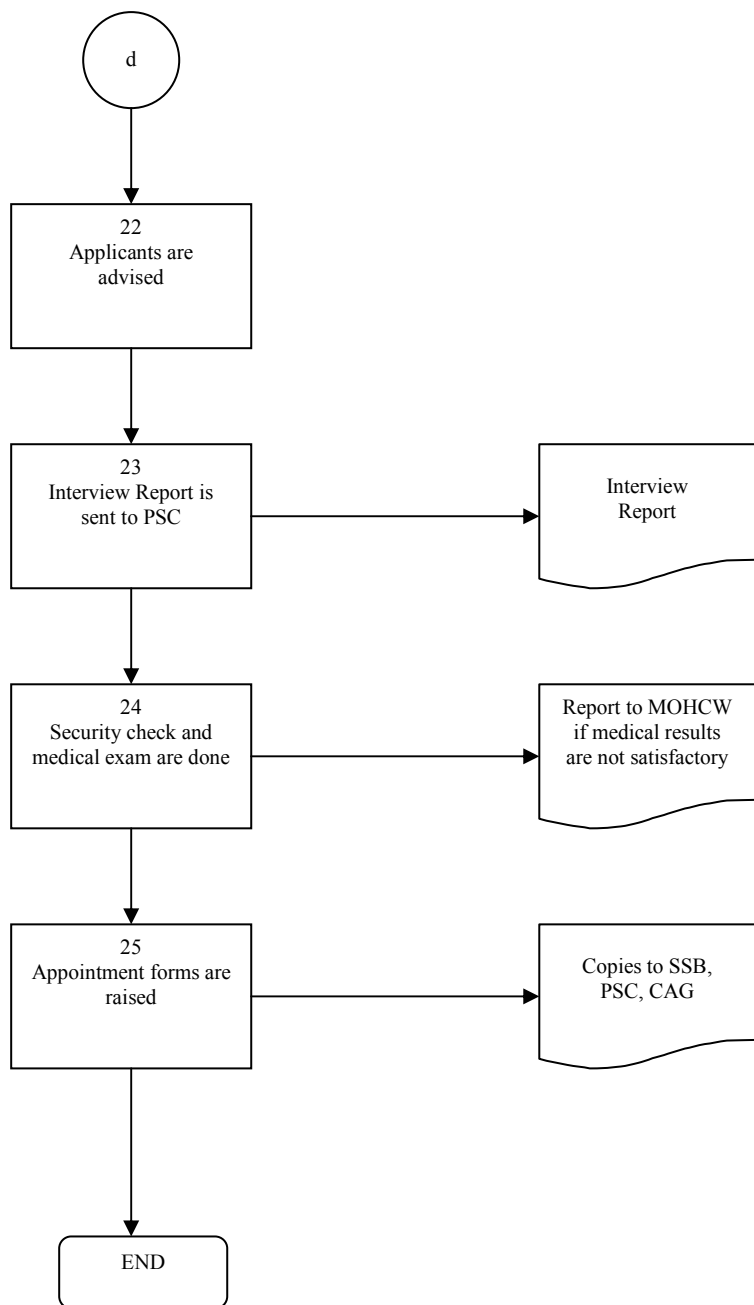
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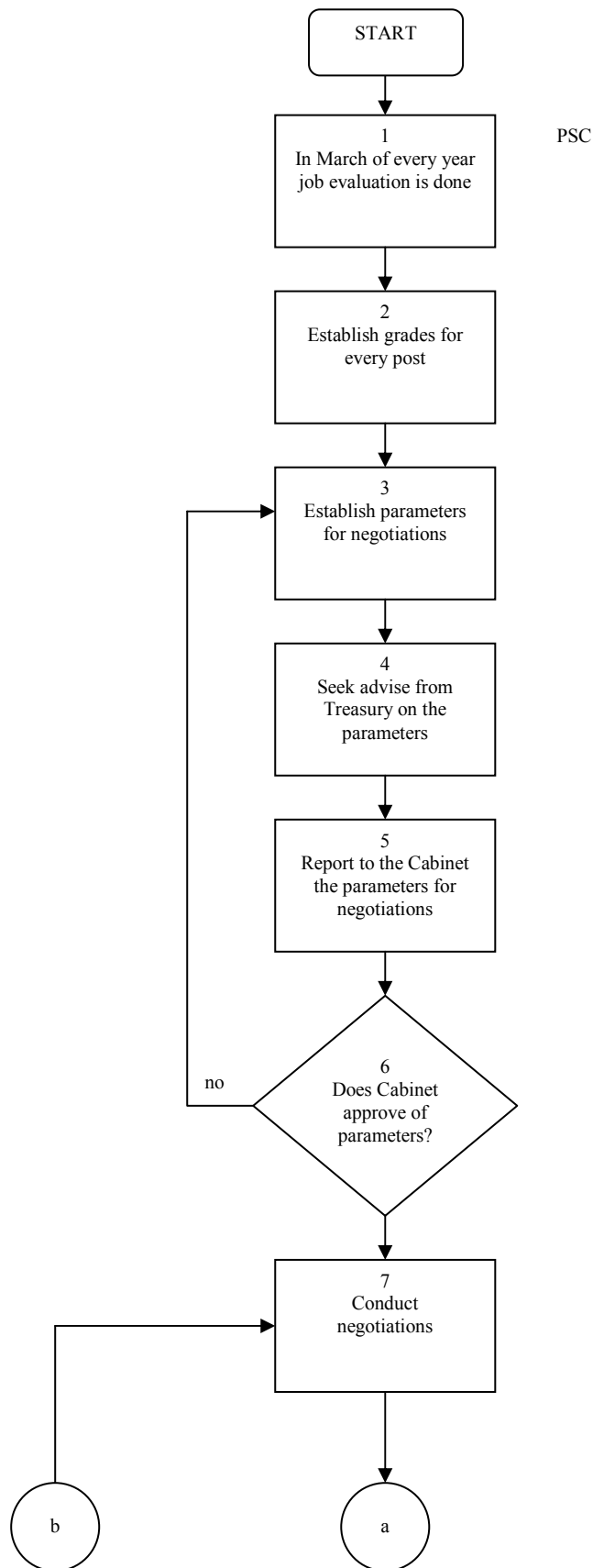
Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).



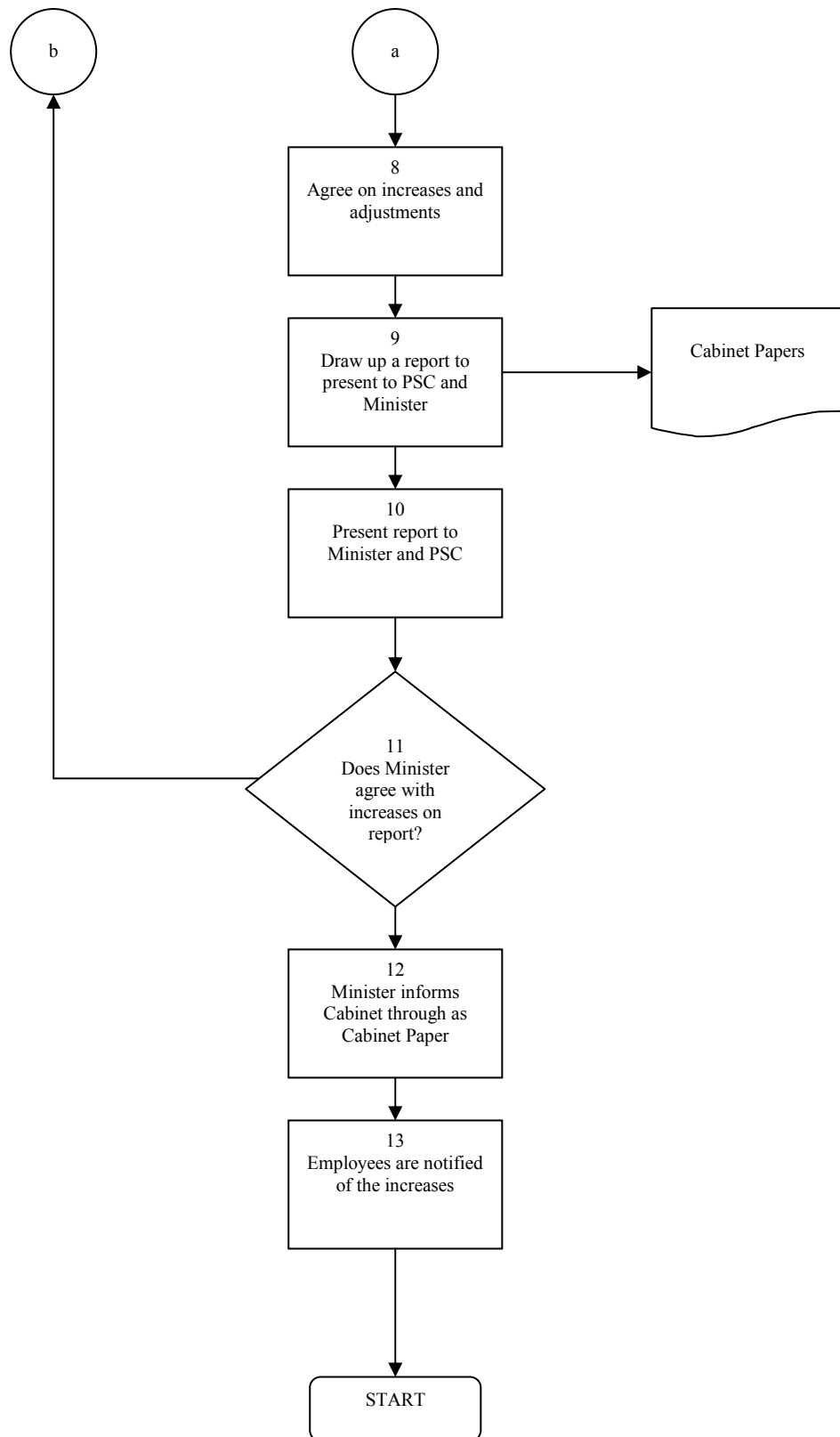
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## Remuneration Administration Process – Annual Salary Increases



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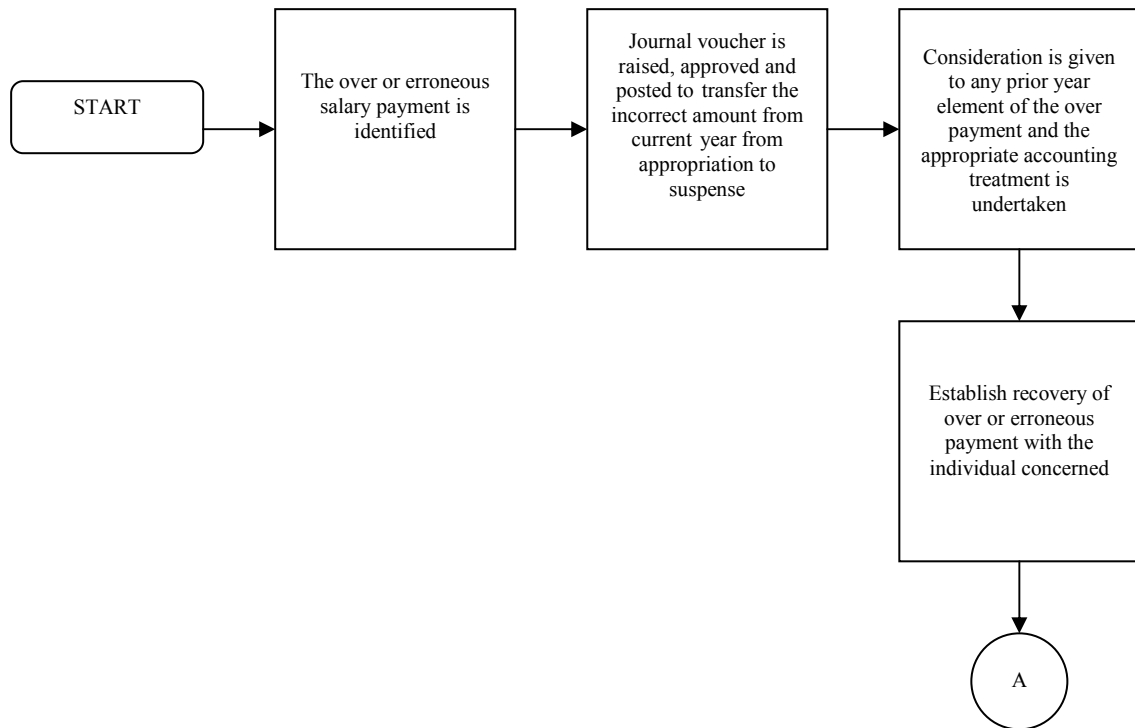


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# Ministry of Finance

## Salary Adjustment Process

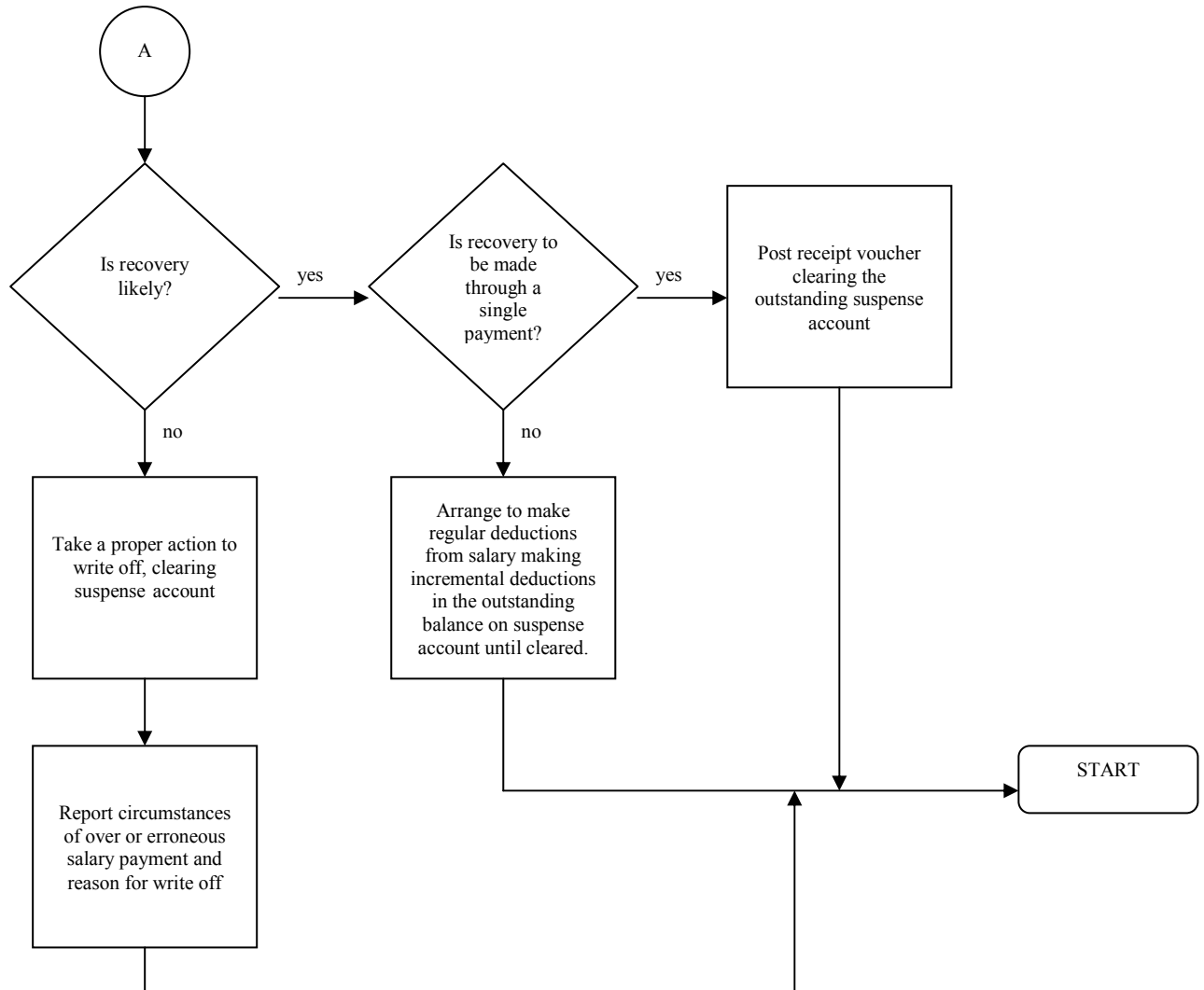
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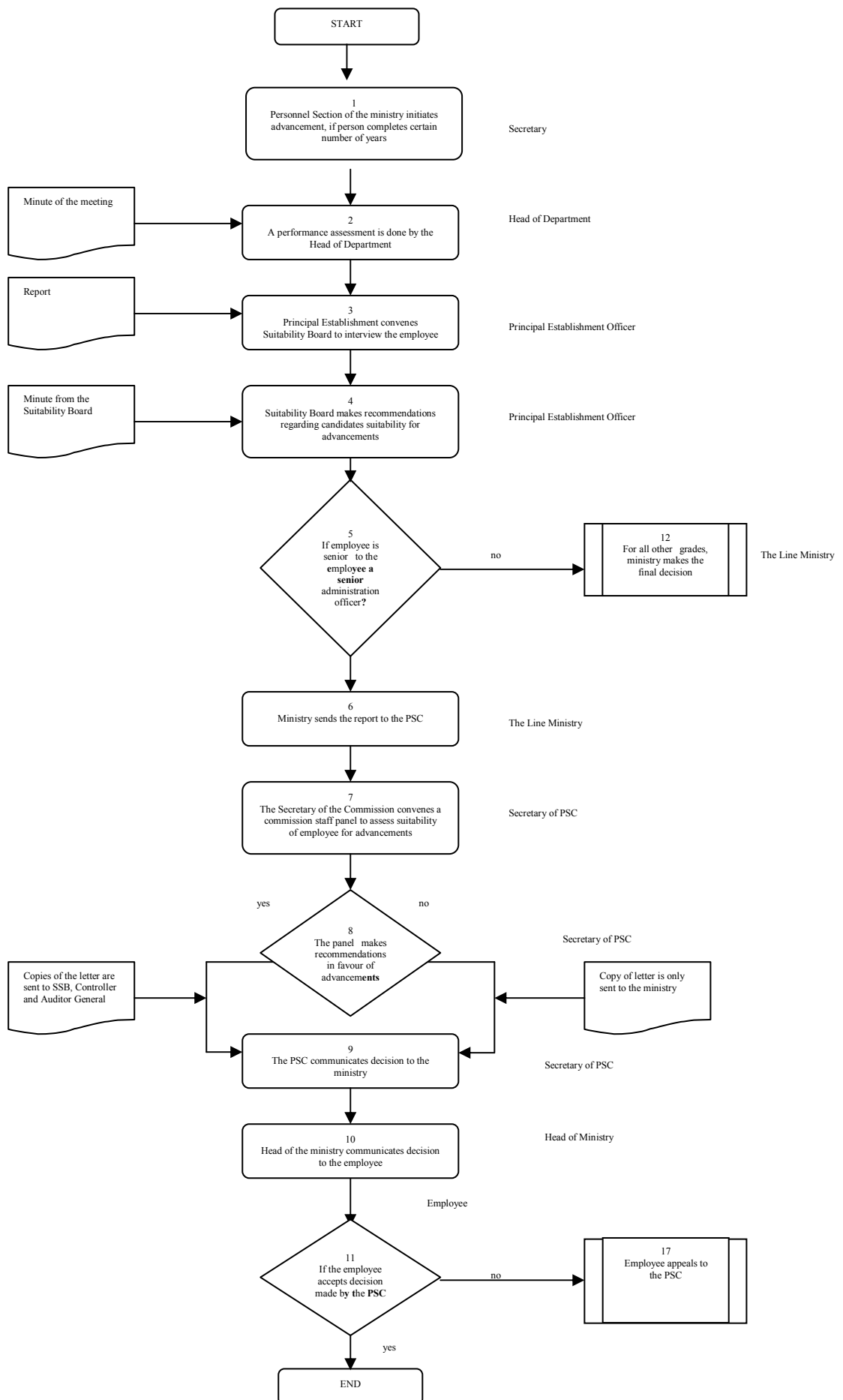
# Ministry of Finance

## Salary Adjustment Process

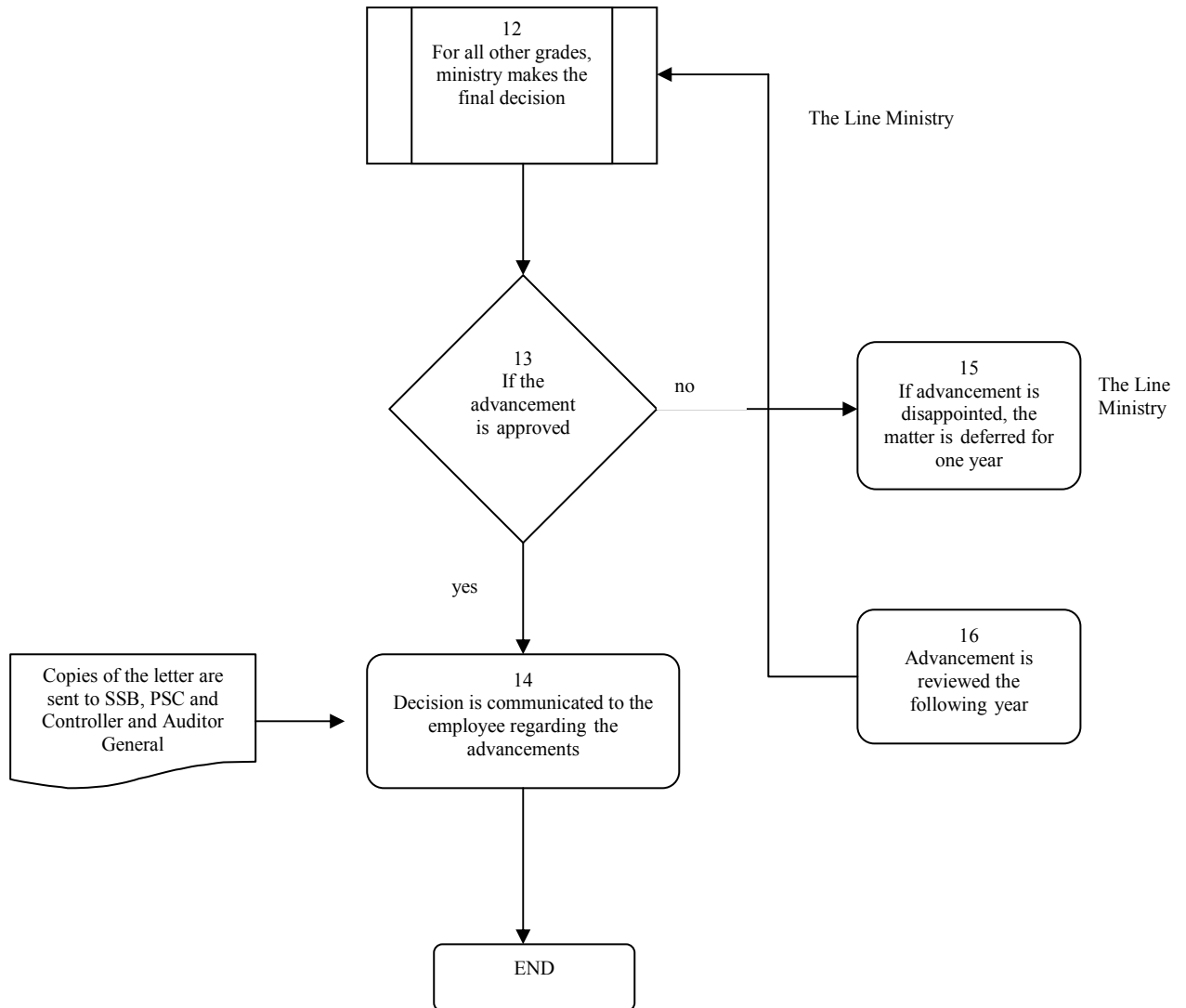
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# Advancement Process

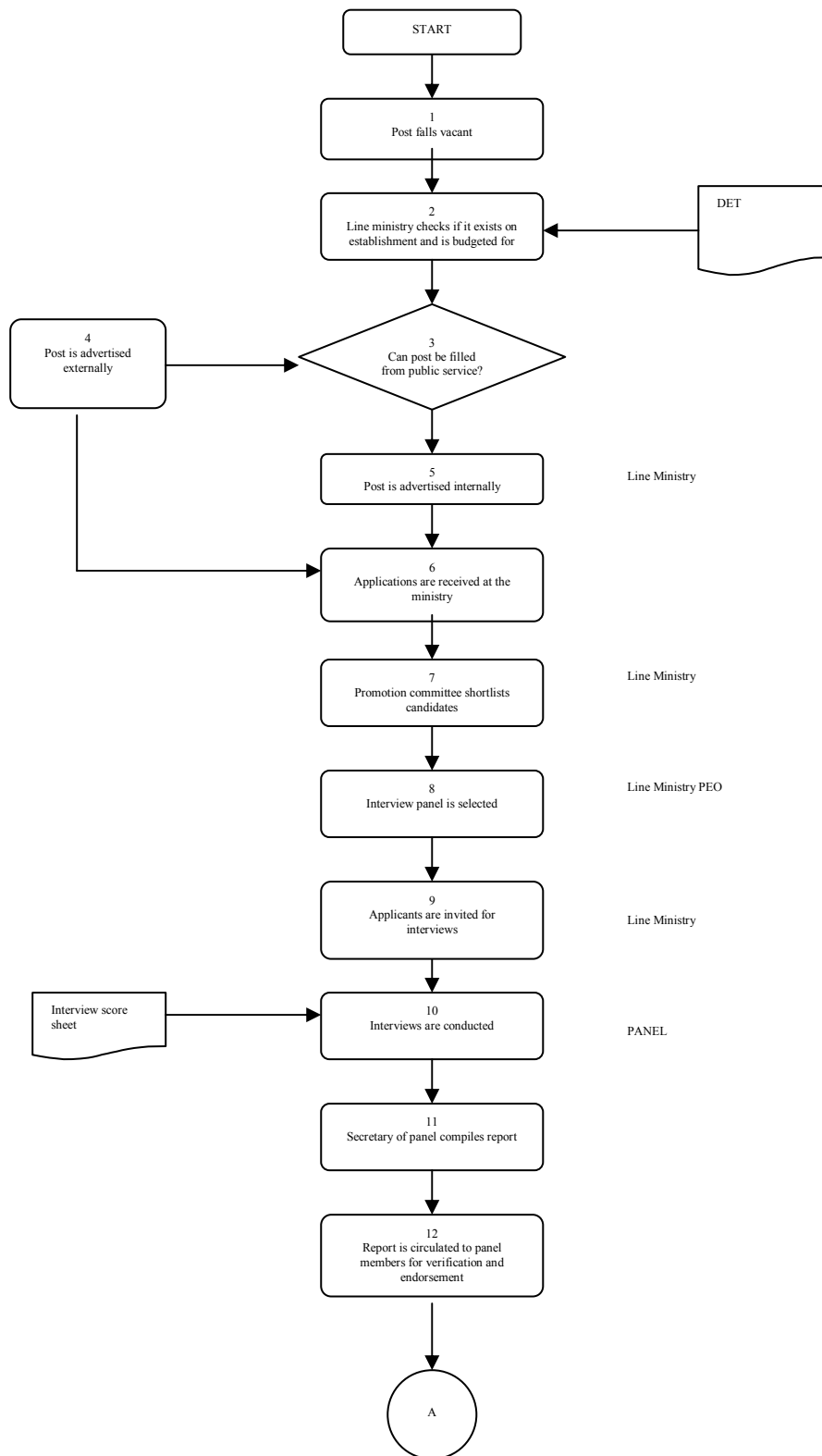


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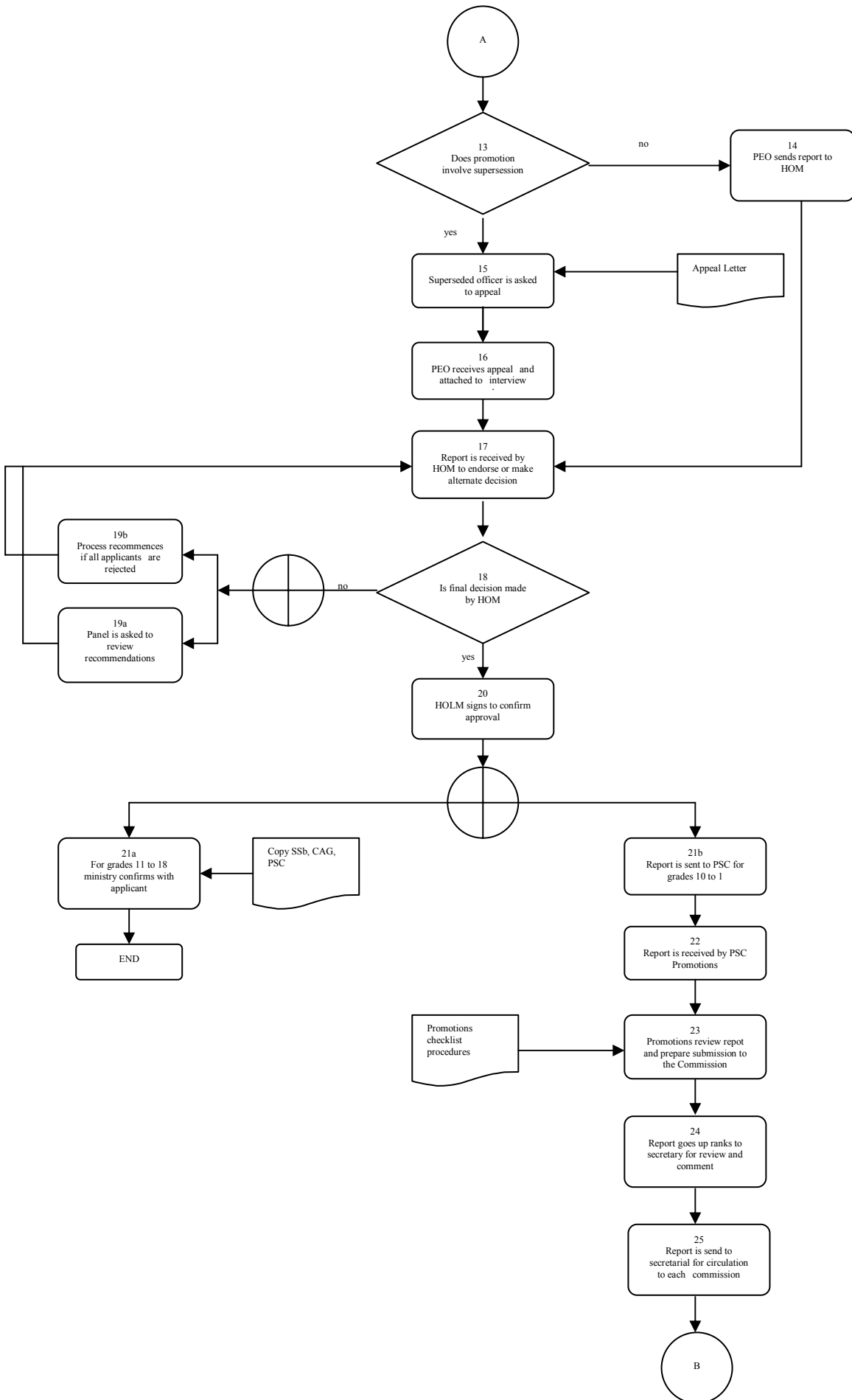


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# Promotions Process

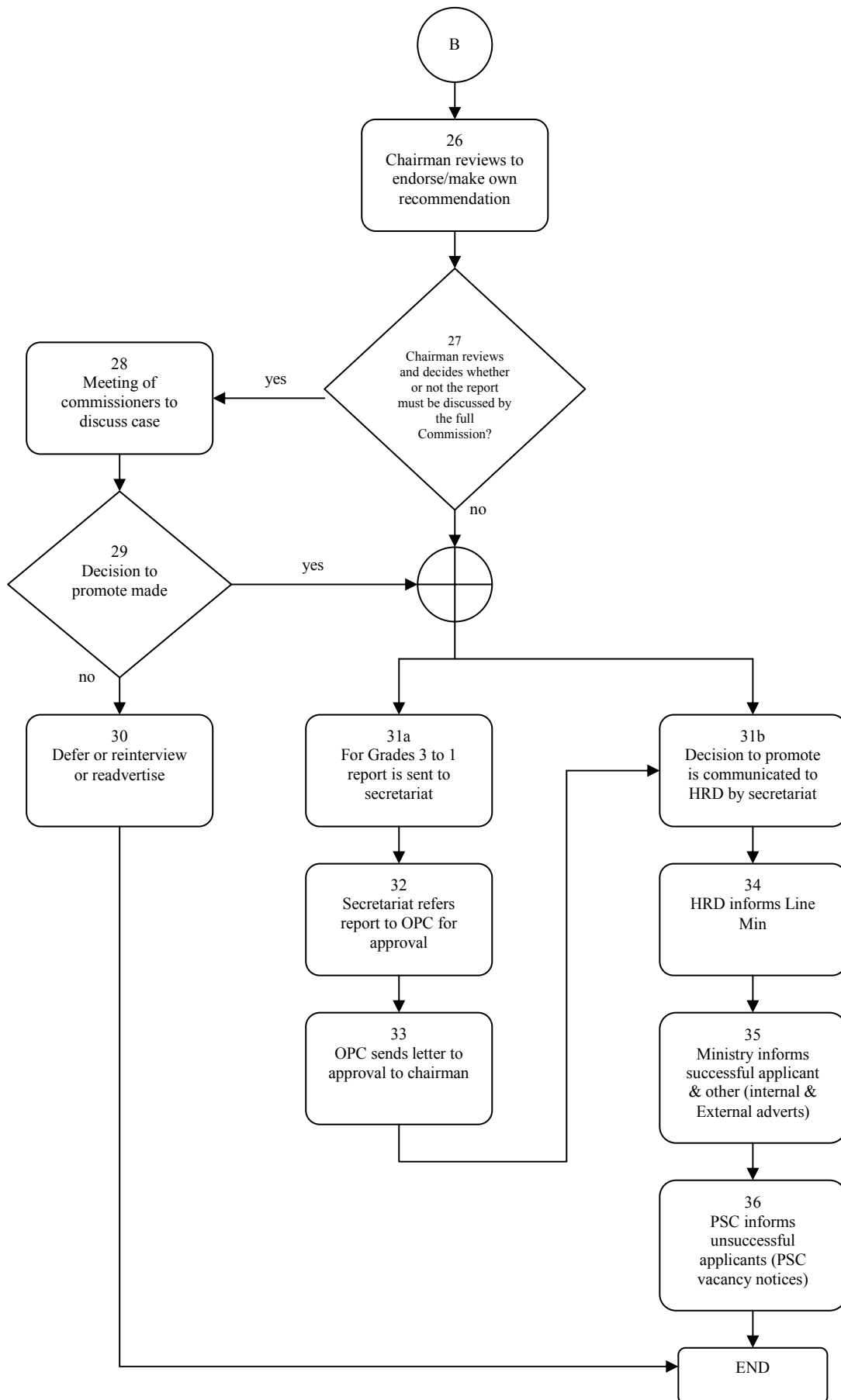


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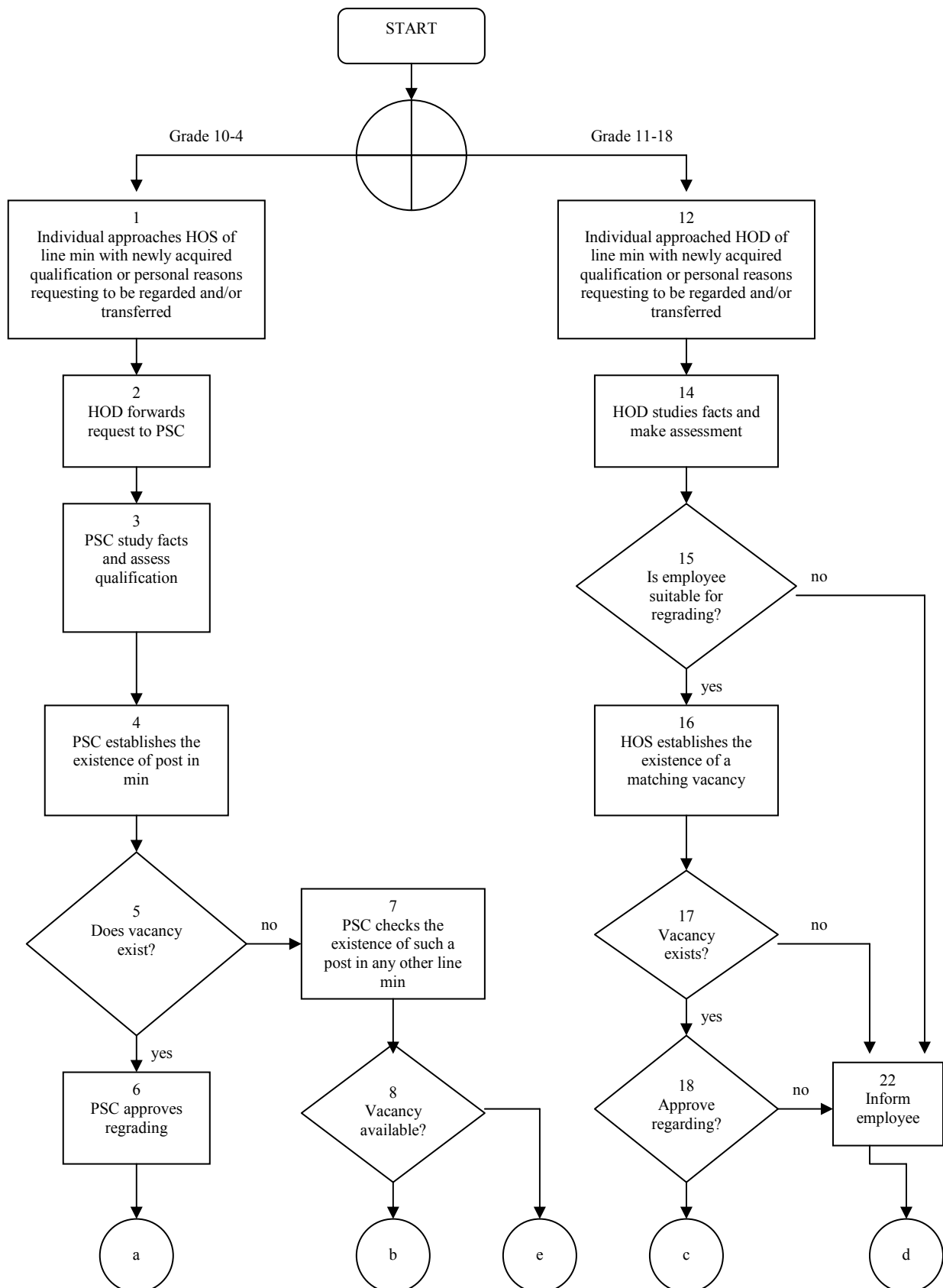
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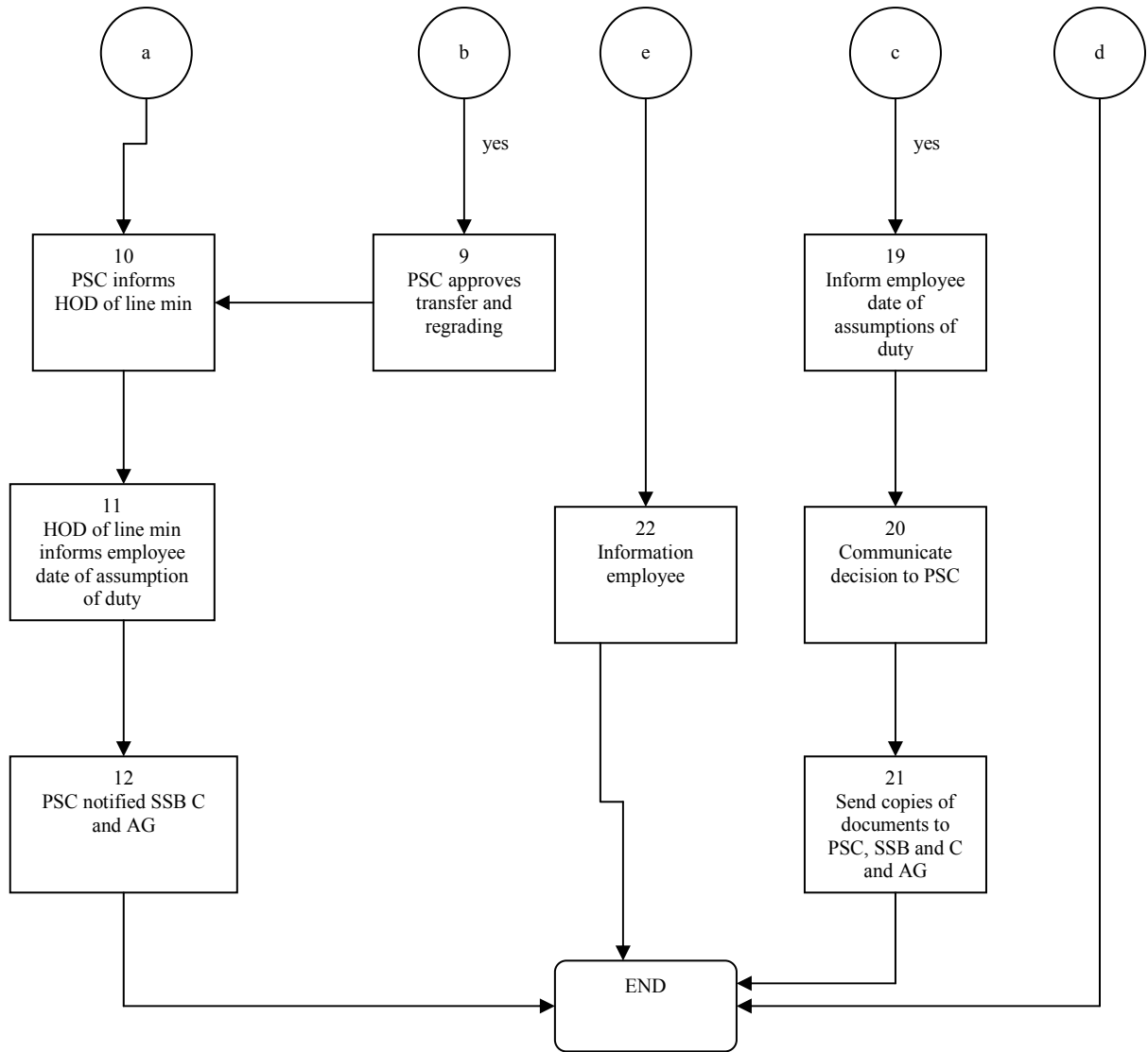


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# Regrading and Transfer and Regrading Initiate by Individual



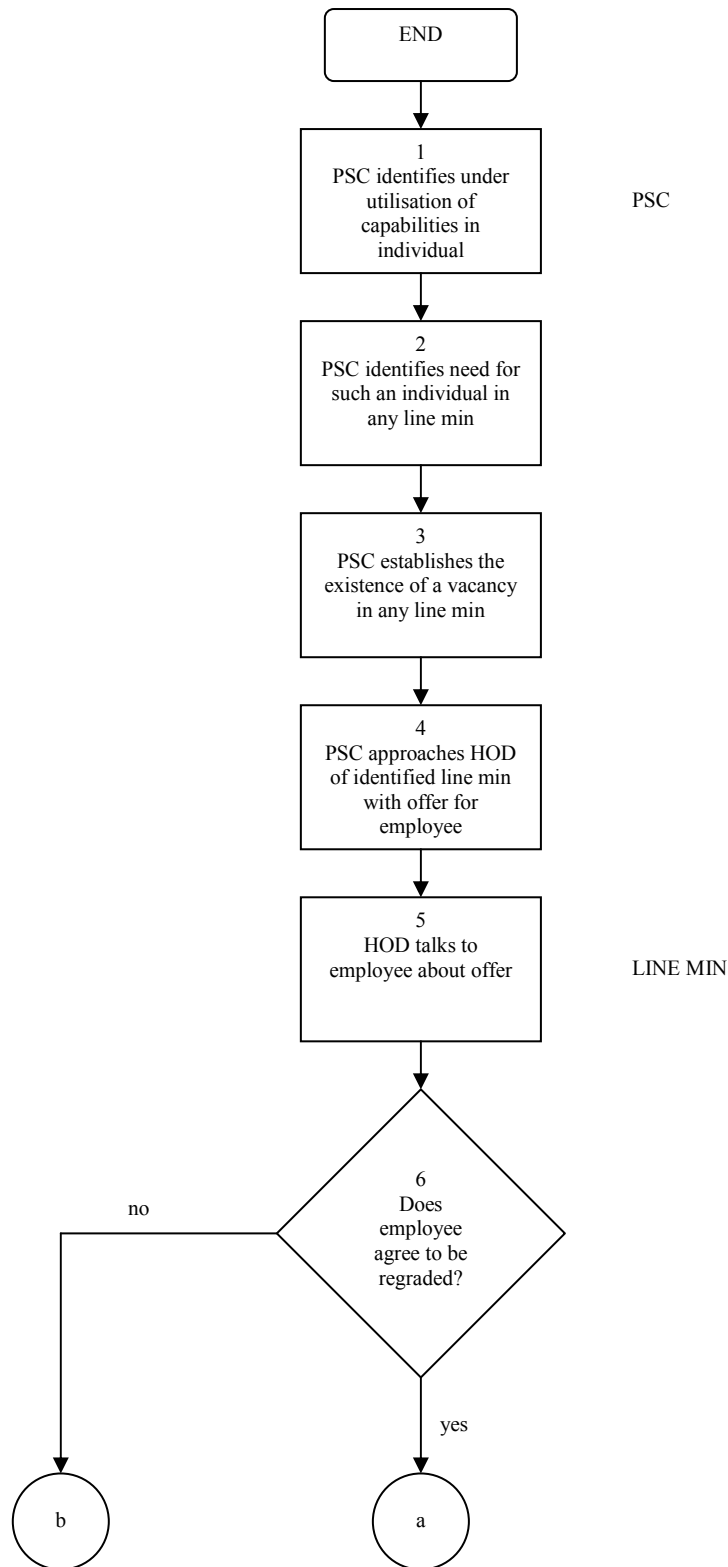
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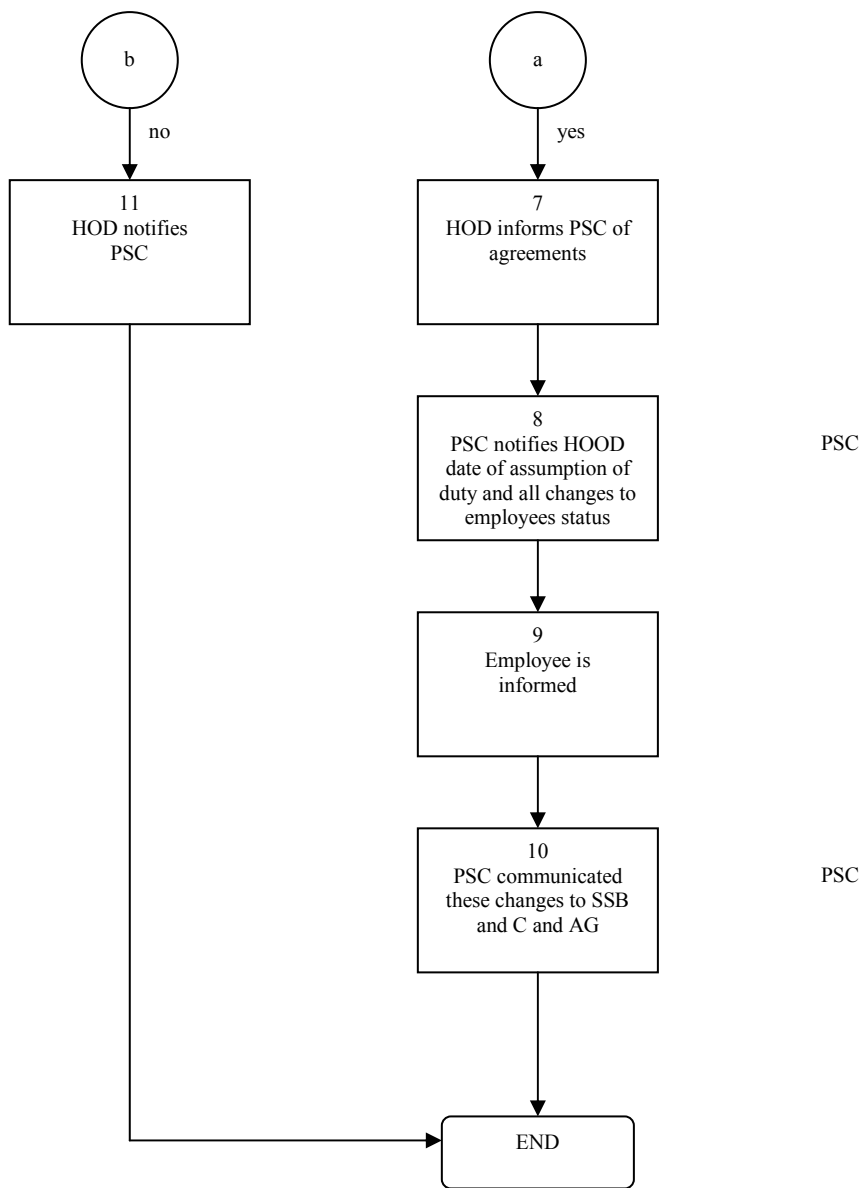
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# Transfer and Regrading Initiated by the PSC

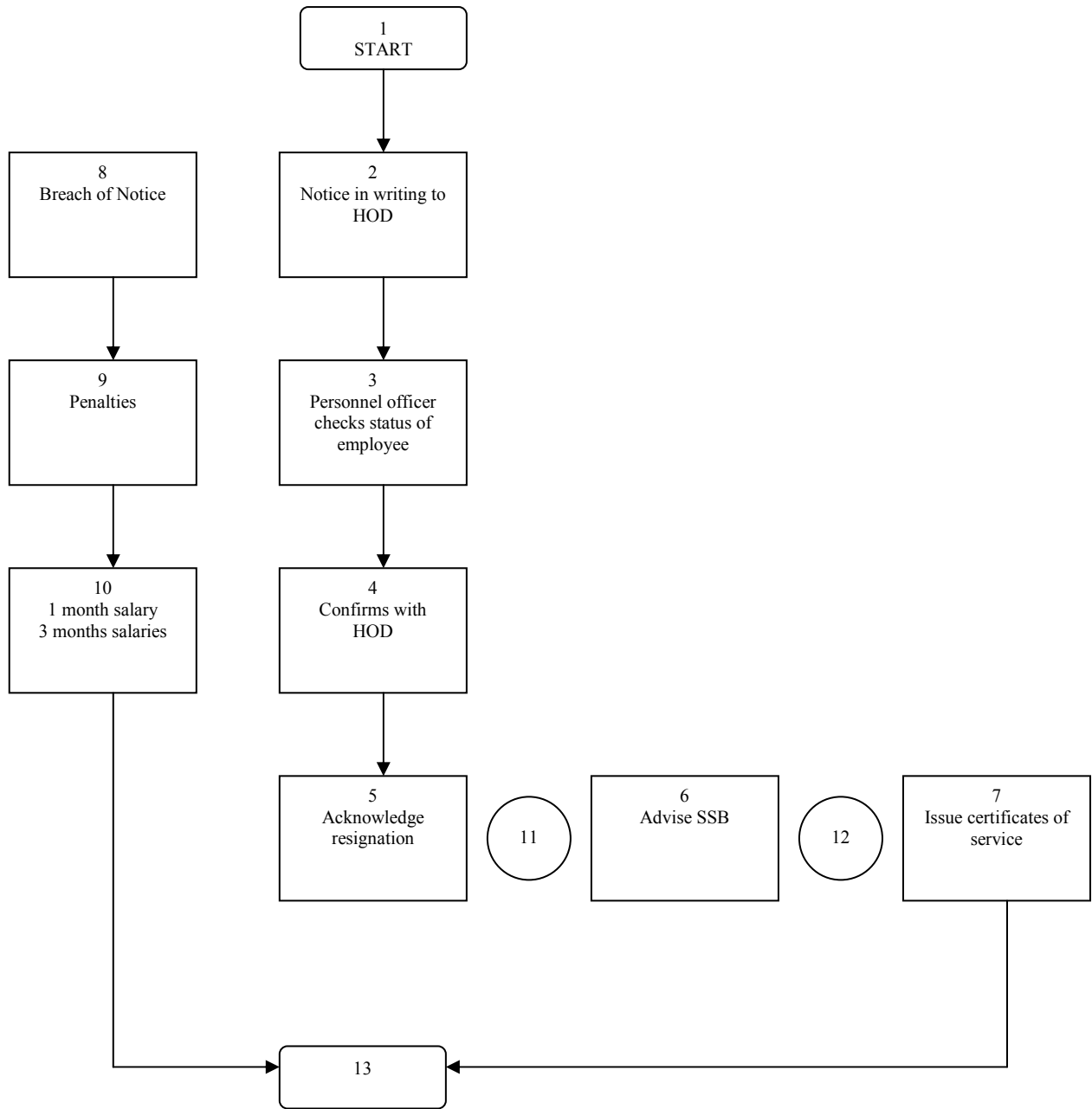
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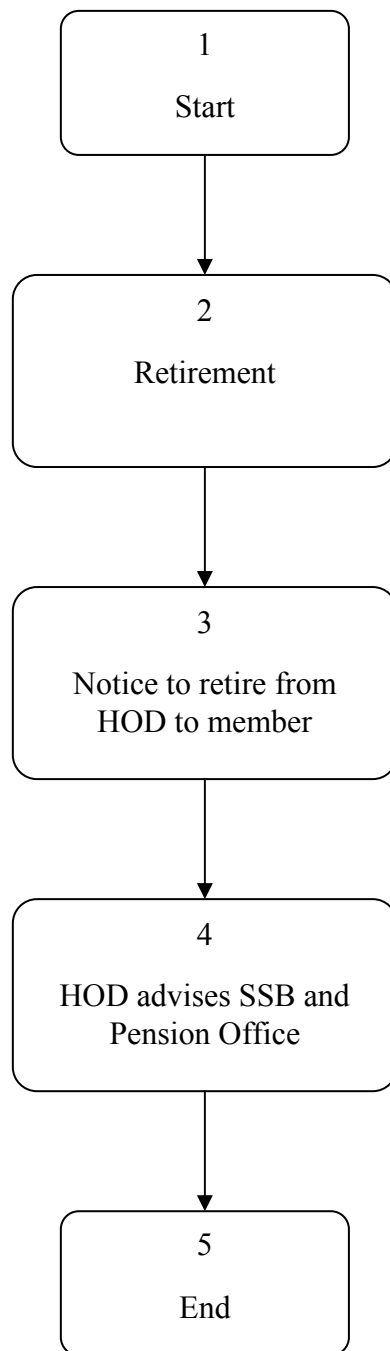
Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

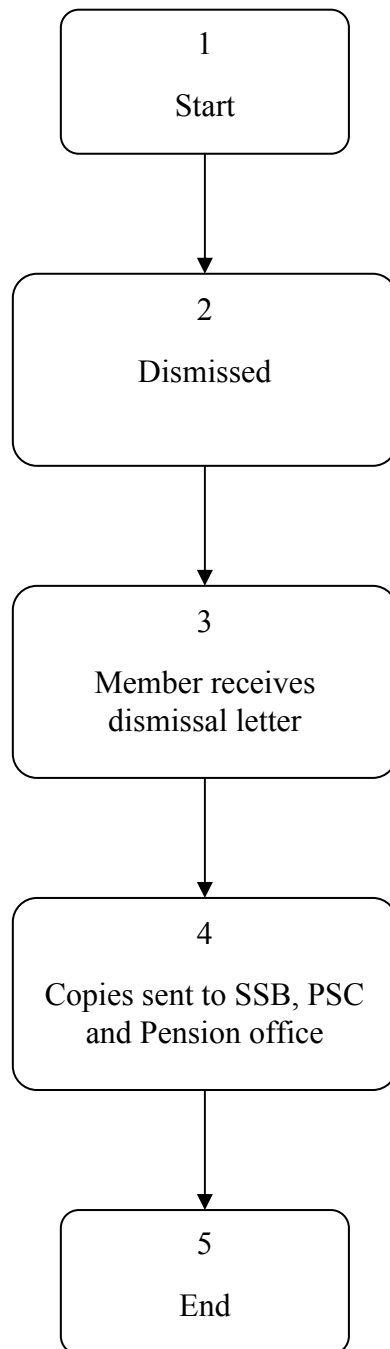


Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

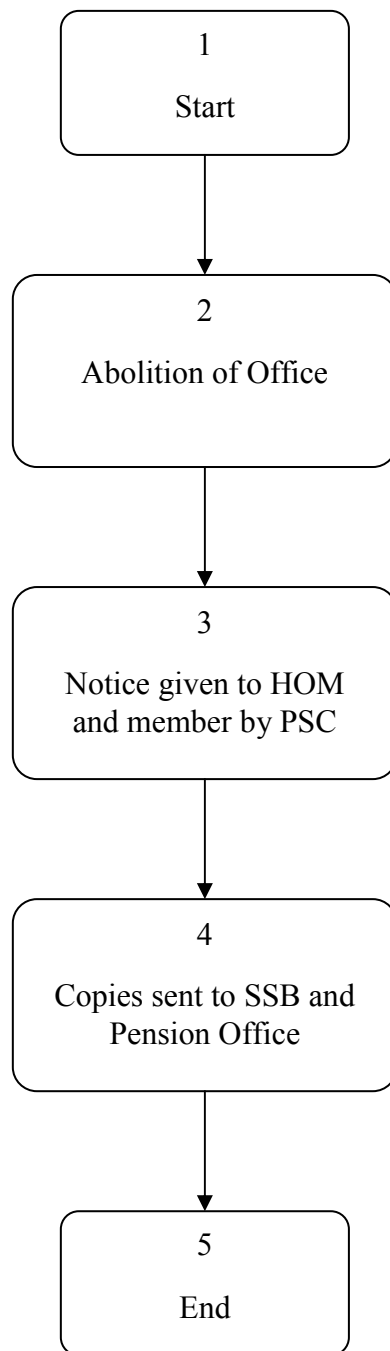


Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

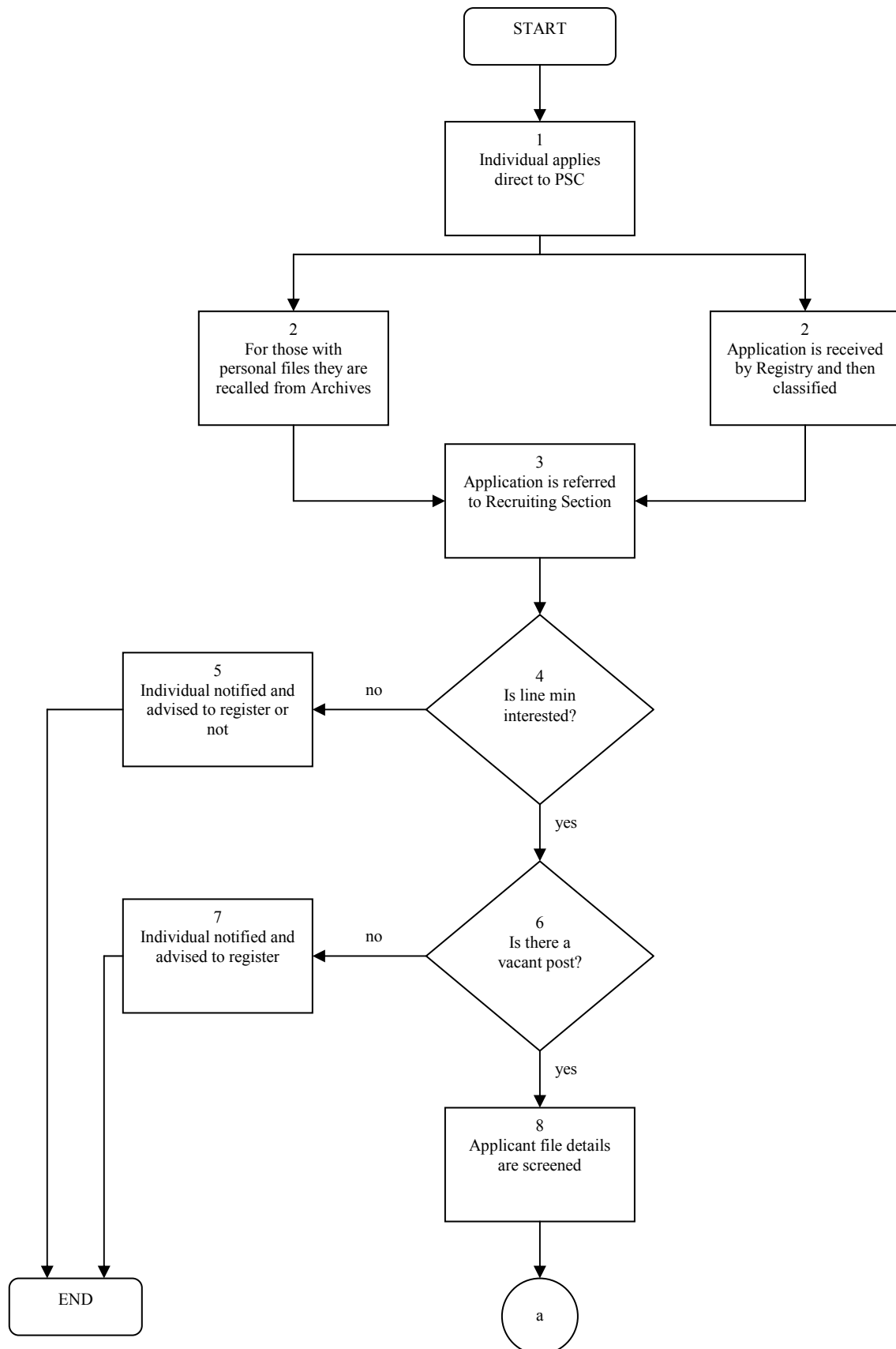








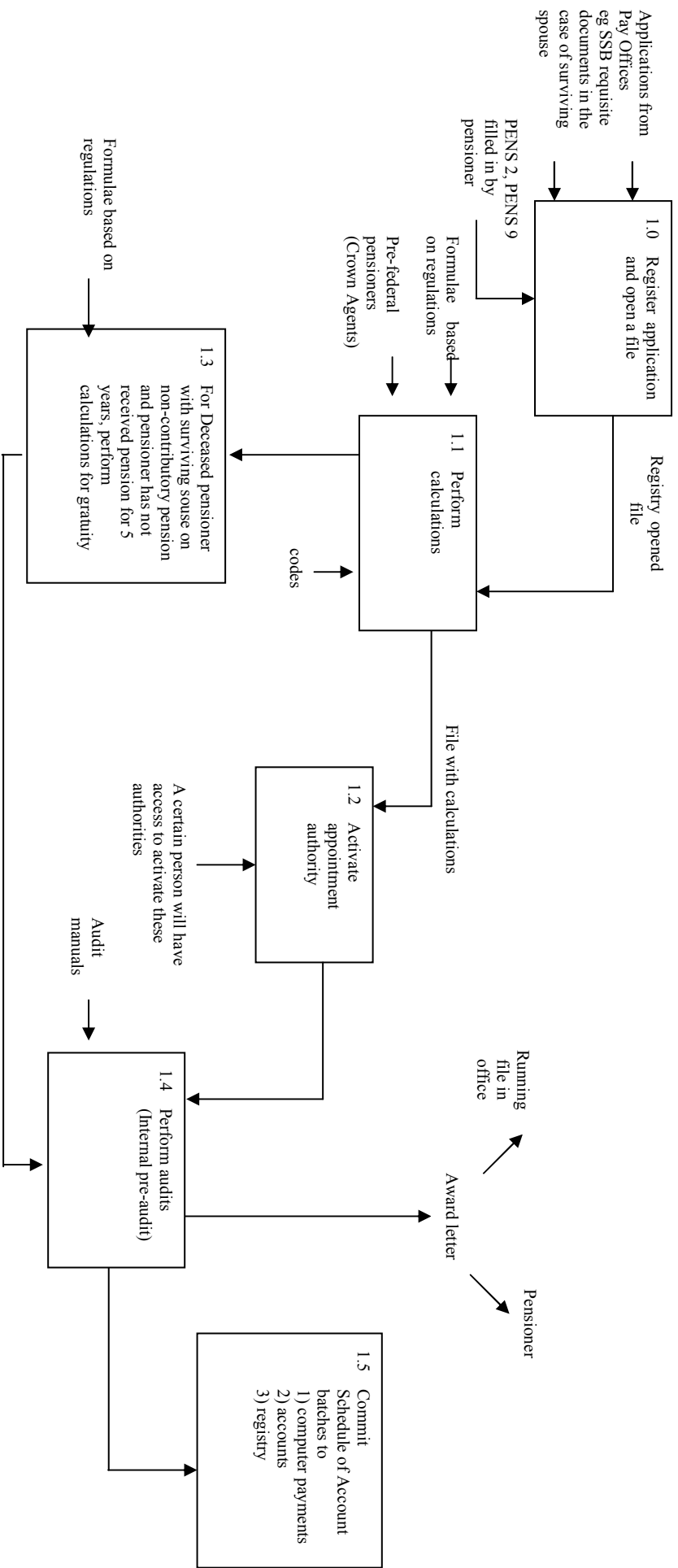
# PSC Reappointment Process



Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

**DATA FLOW DIAGRAMS: PENSIONS  
PENSIONS OFFICE  
Systems Requirements Analysis (SRAs) Project**

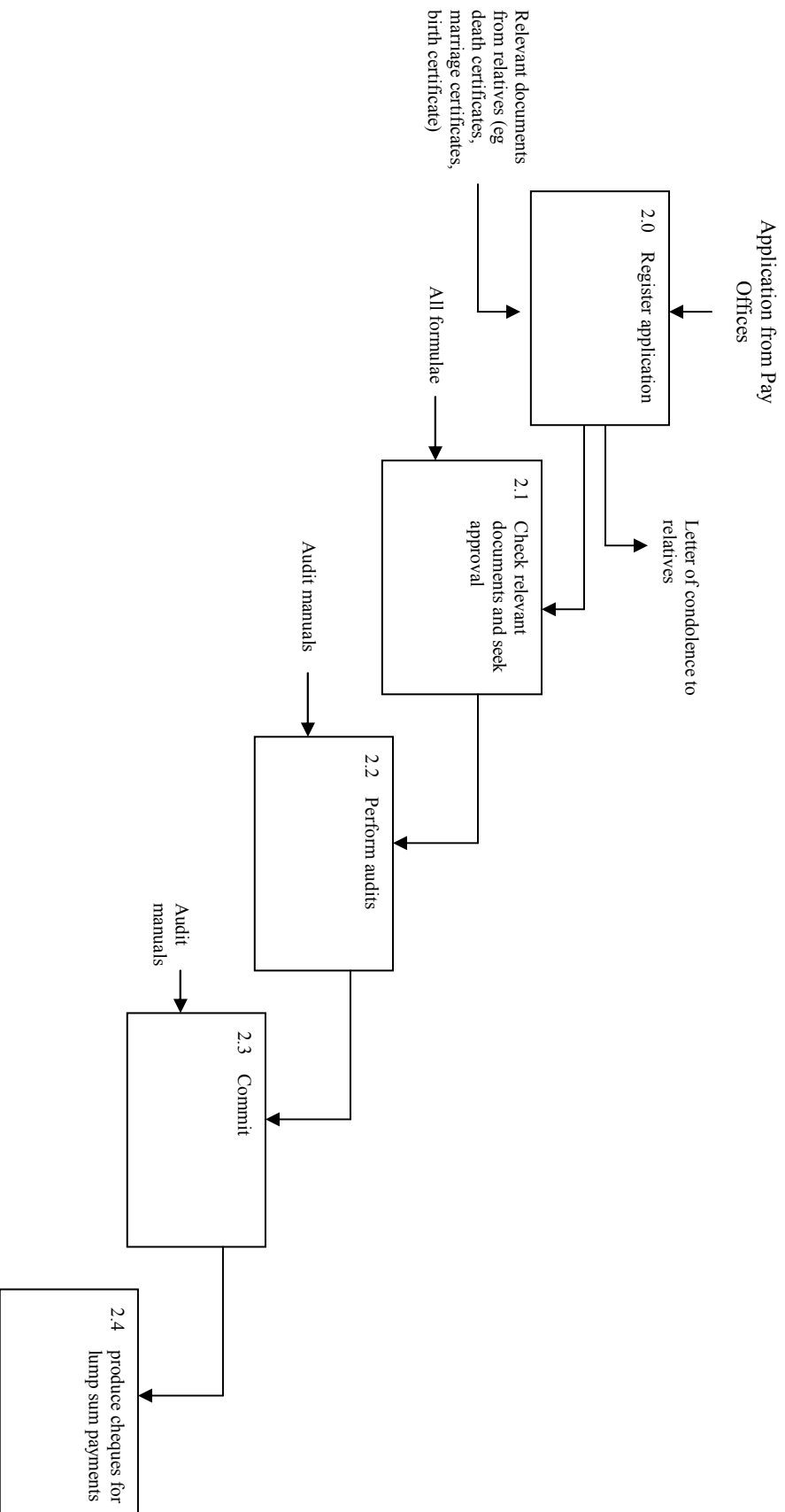
**Application for Terminal Benefits/Death of a Pensioner/Member with Surviving Spouse**







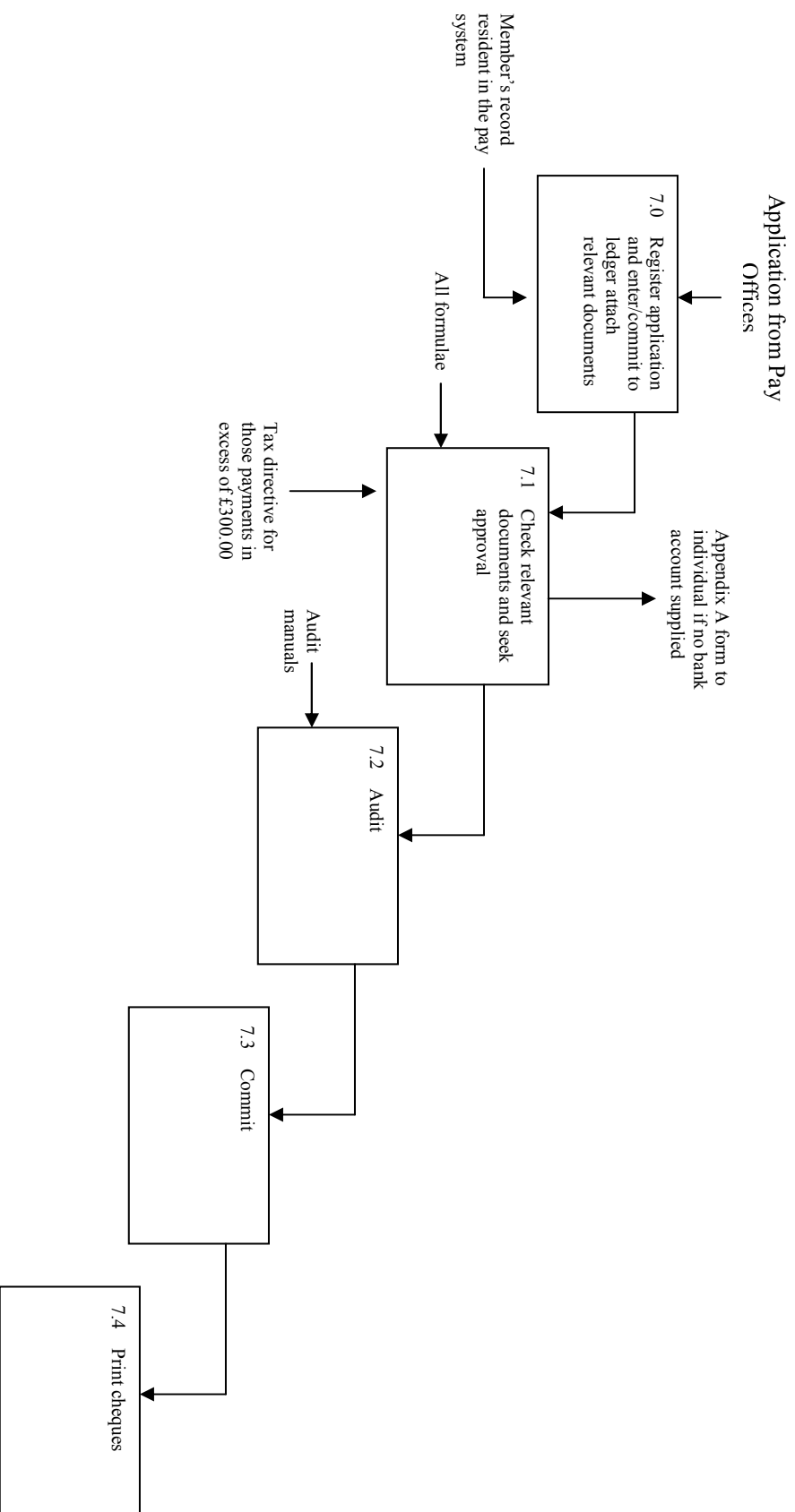
**Application for Refund of Pension Contribution for Deceased Members**



**PENSIONS OFFICE**  
**Systems Requirements Analysis (SRAs) Project**

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**Refunds**

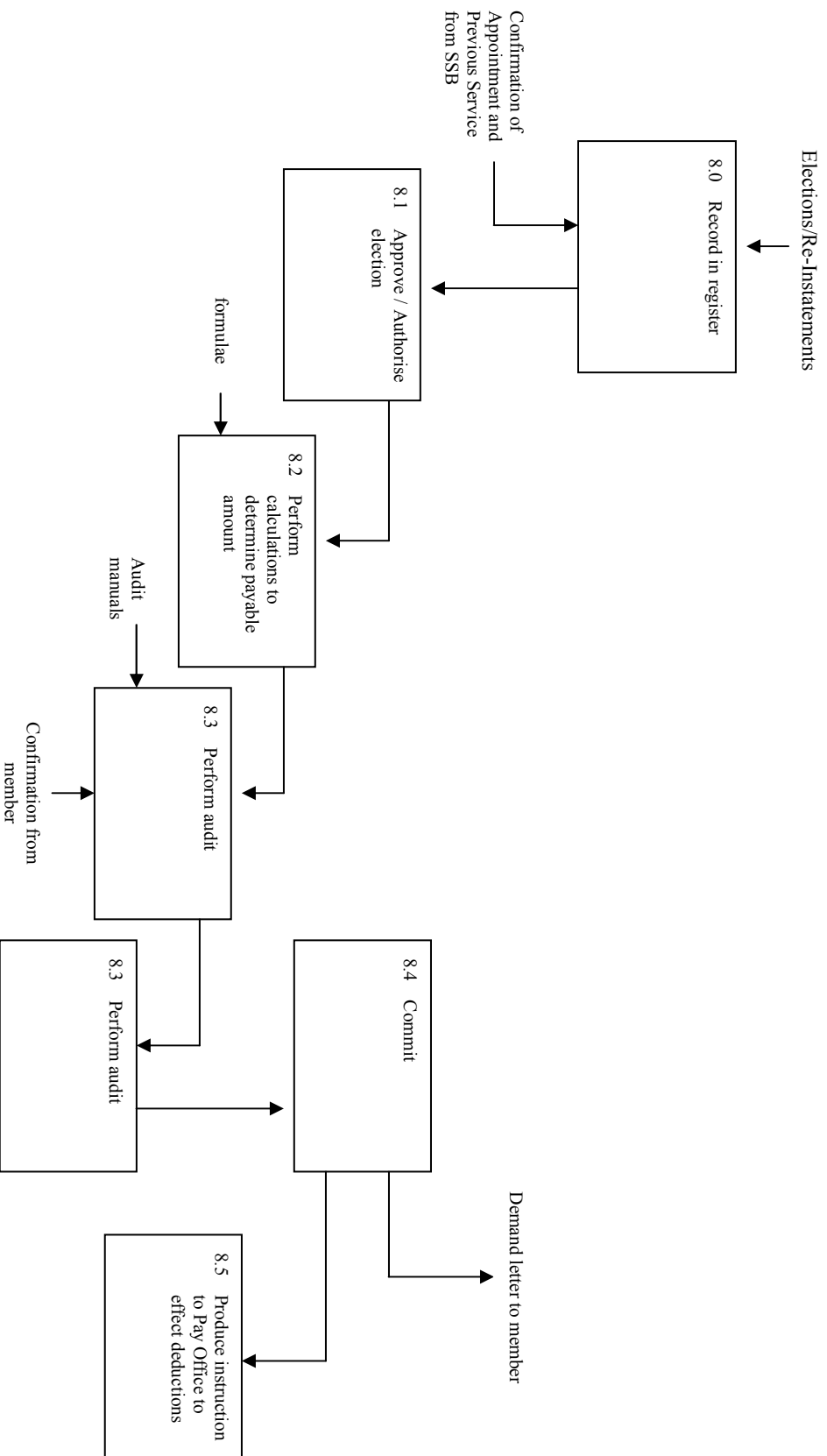


# PENSIONS OFFICE

## Systems Requirements Analysis (SRAs) Project

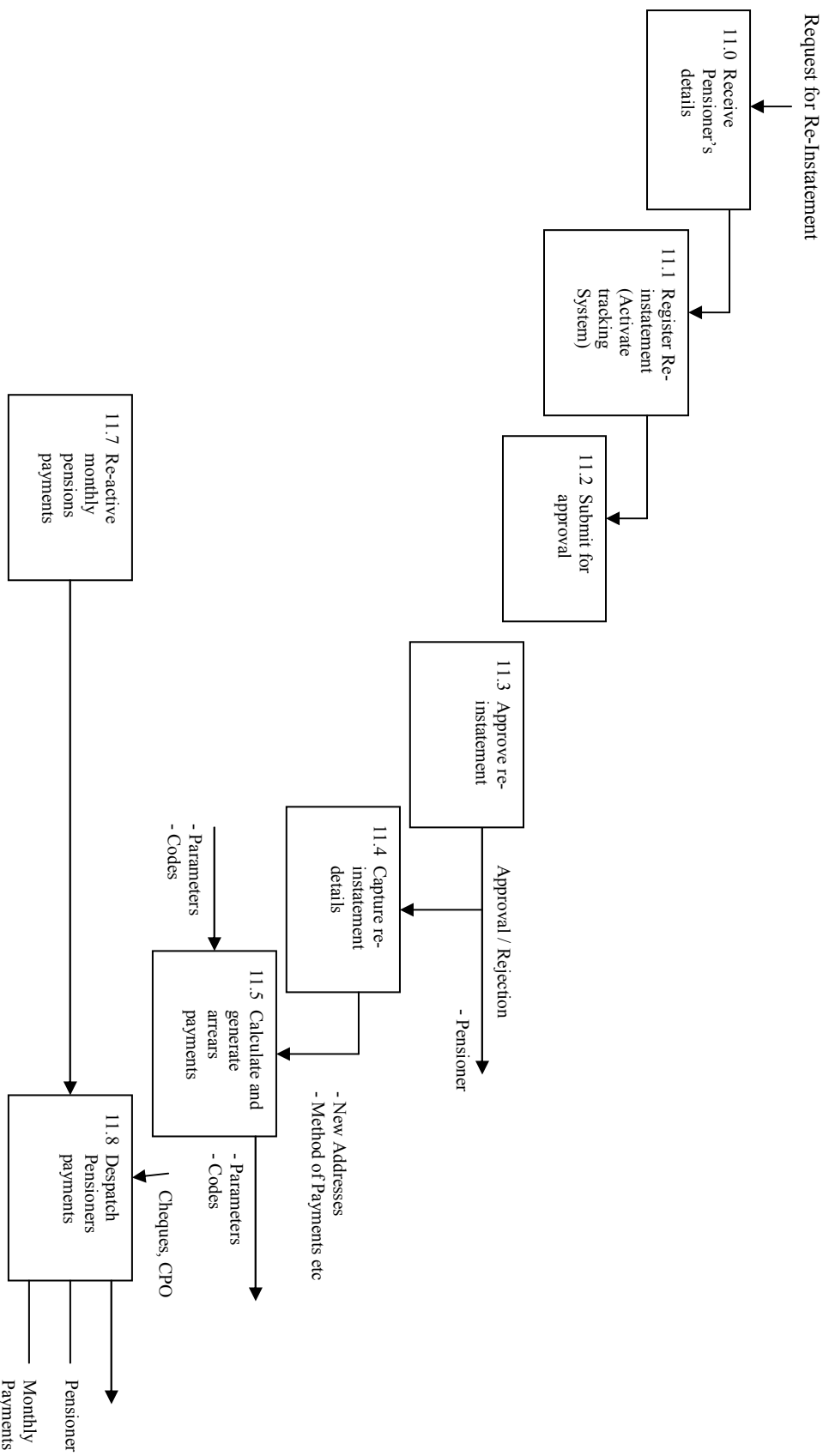
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### Arrears





**Re-Instatement of Pensions**

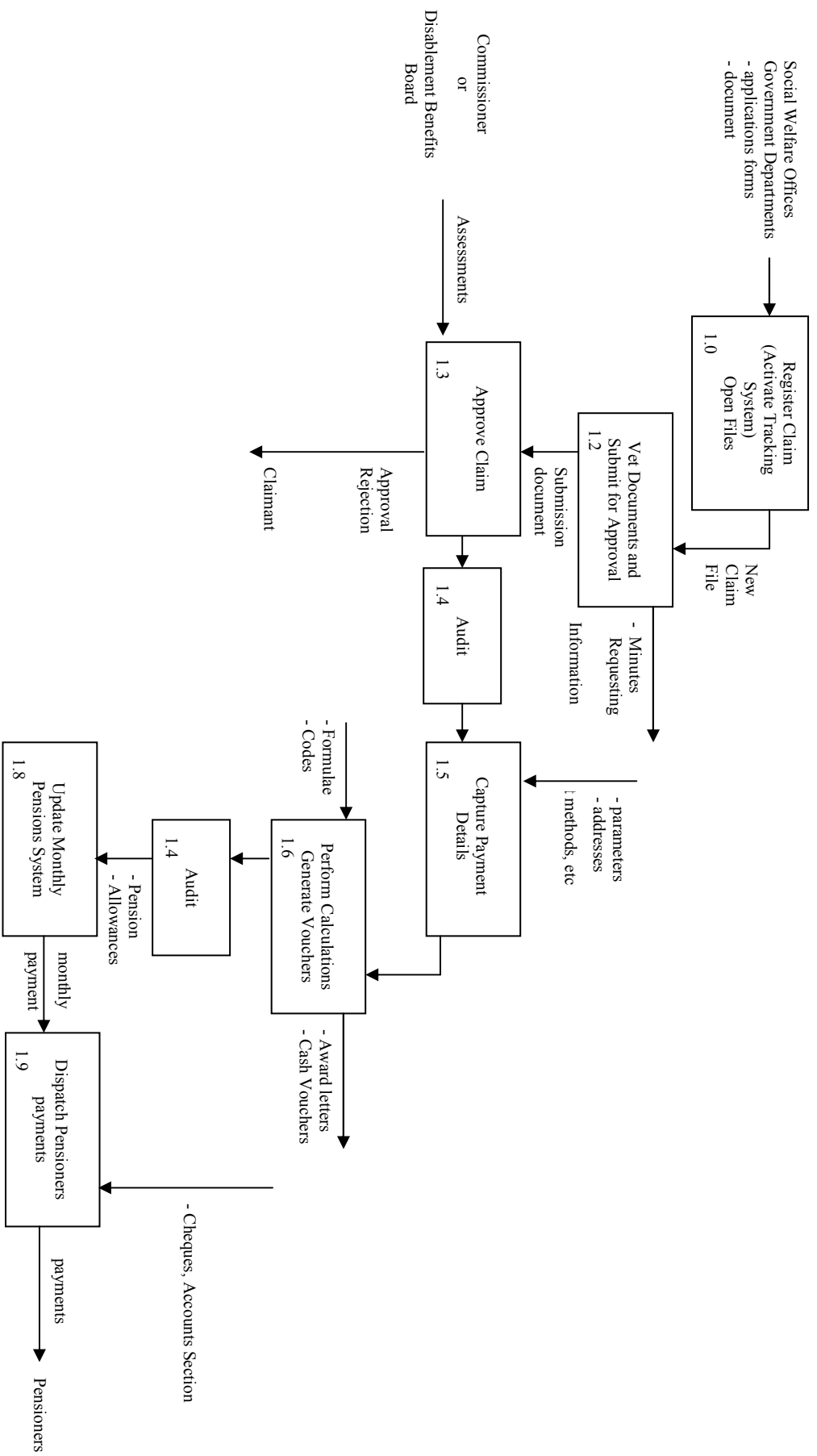


Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

# PENSIONS OFFICE

## Systems Requirements Analysis (SRAs) Project

### New Pension Claims – Process Flow

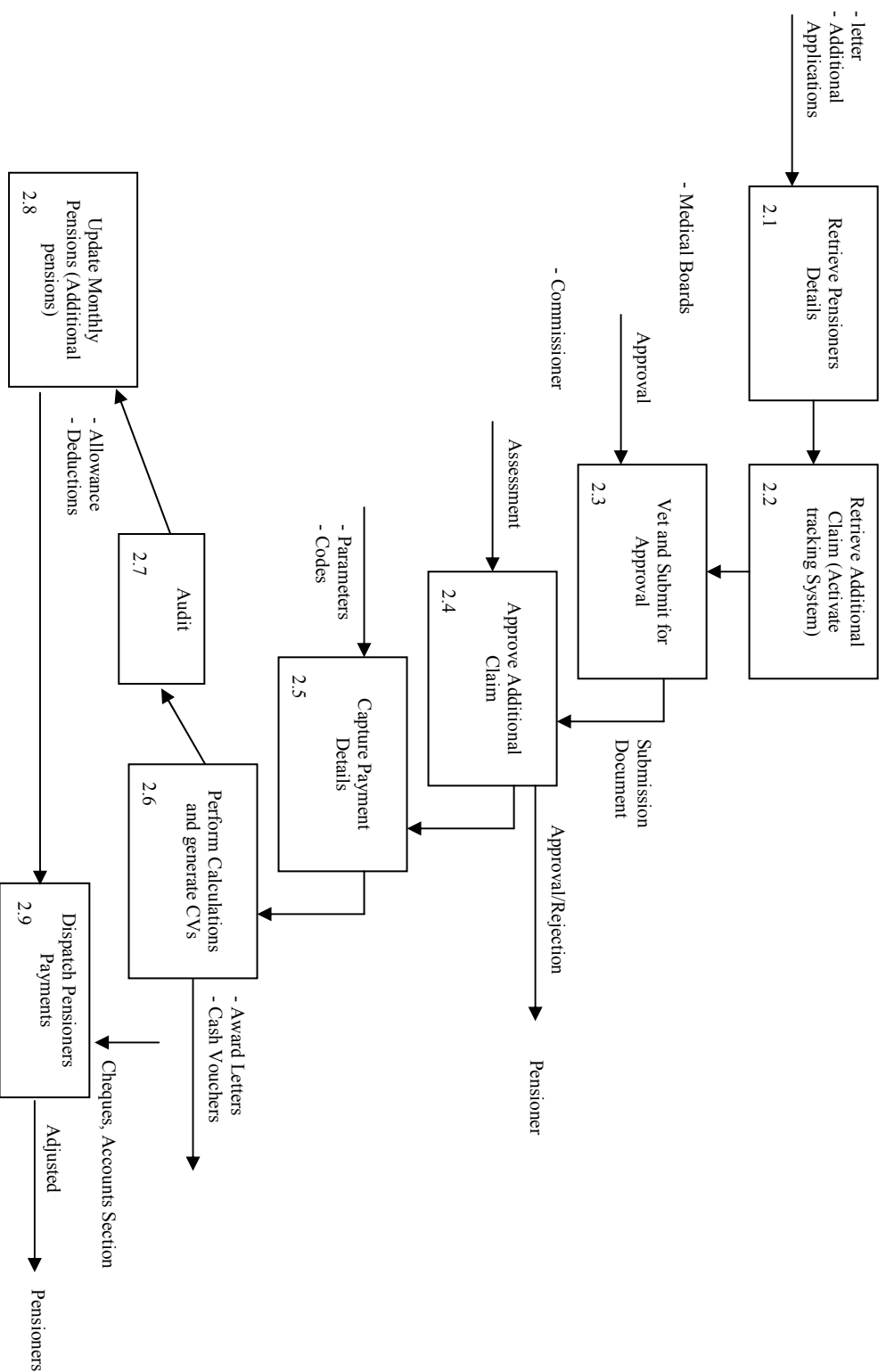


Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

**PENSIONS OFFICE**  
**Systems Requirements Analysis (SRAs) Project**

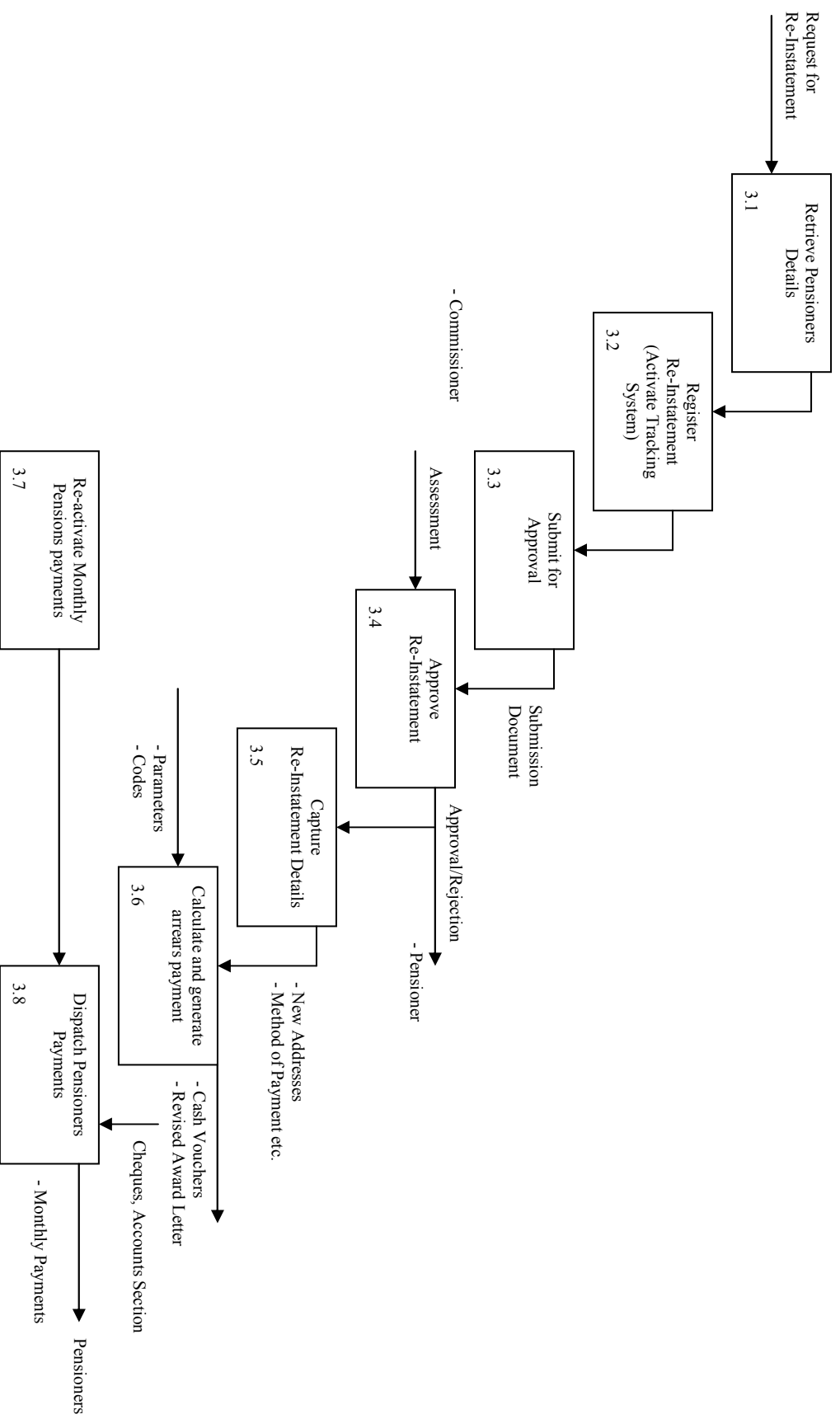
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**Additional Pension Claims and Allowances – Process Flow**



Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

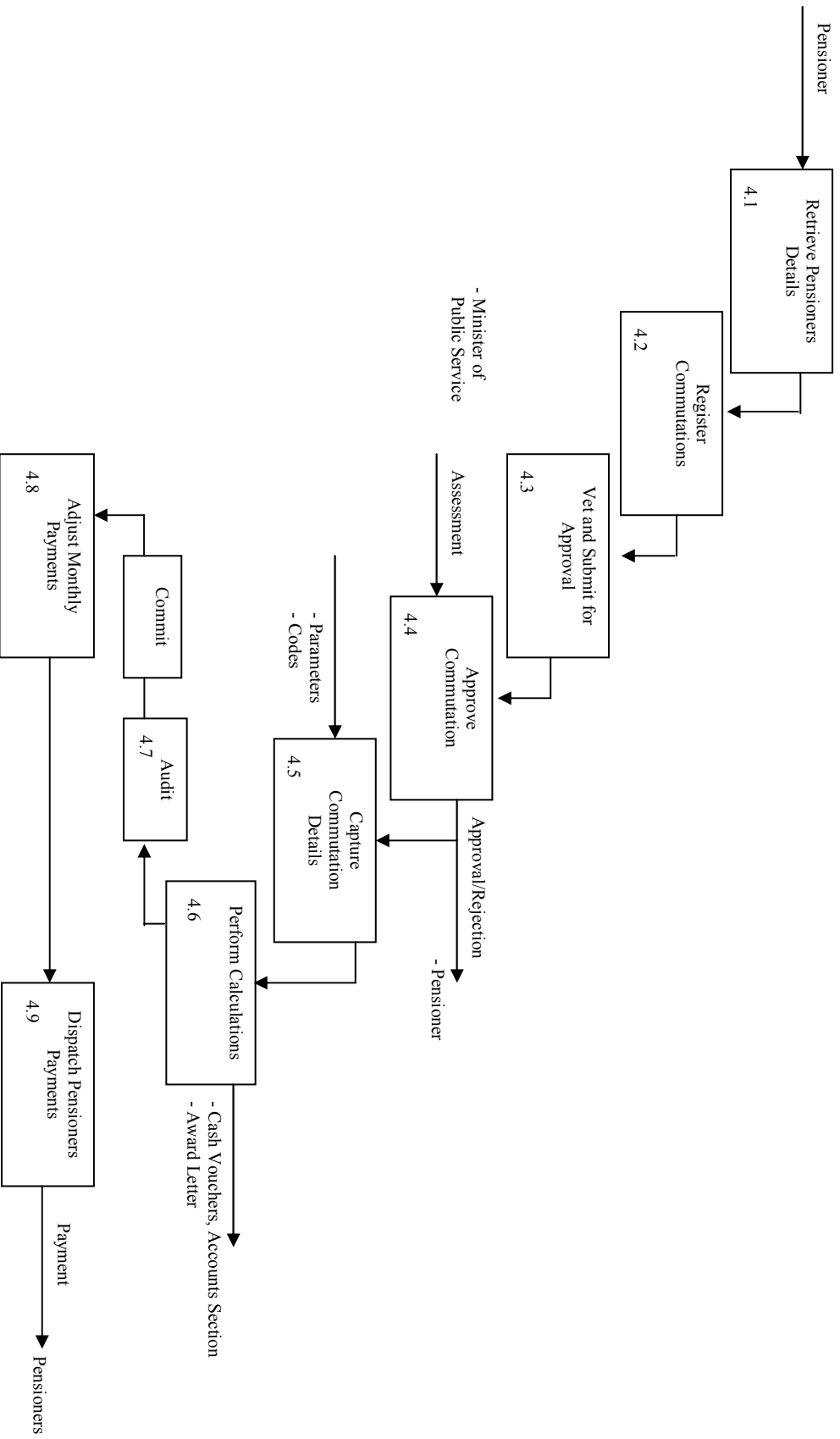
**Re-Instatement of Pensions - Process**



Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

**PENSIONS OFFICE**  
**Systems Requirements Analysis (SRAs) Project**

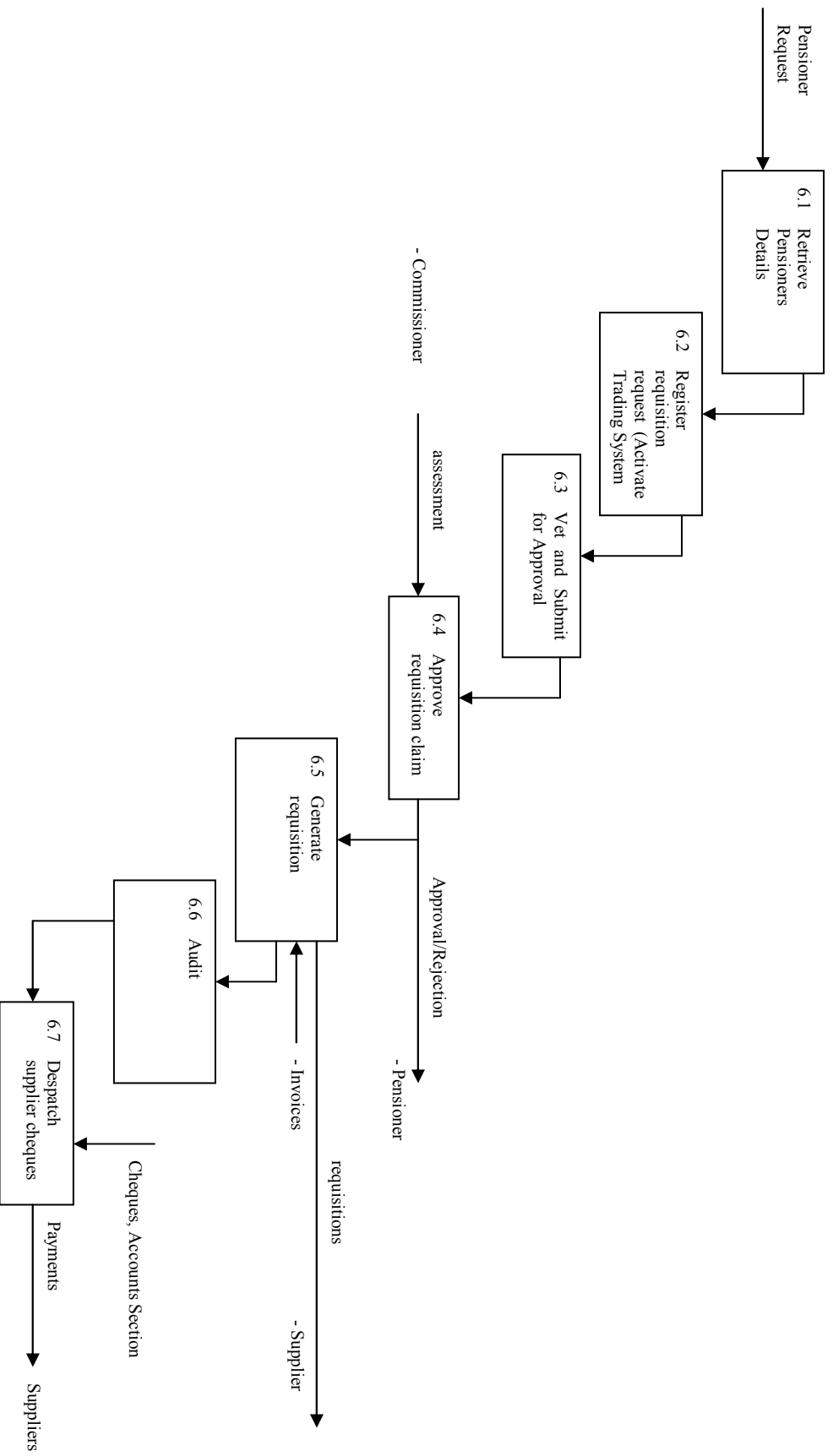
**Commutation of Pensions – Process Flow**



Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

**PENSIONS OFFICE**  
**Systems Requirements Analysis (SRAs) Project**

**Pensions Requisitions – Process Flow**

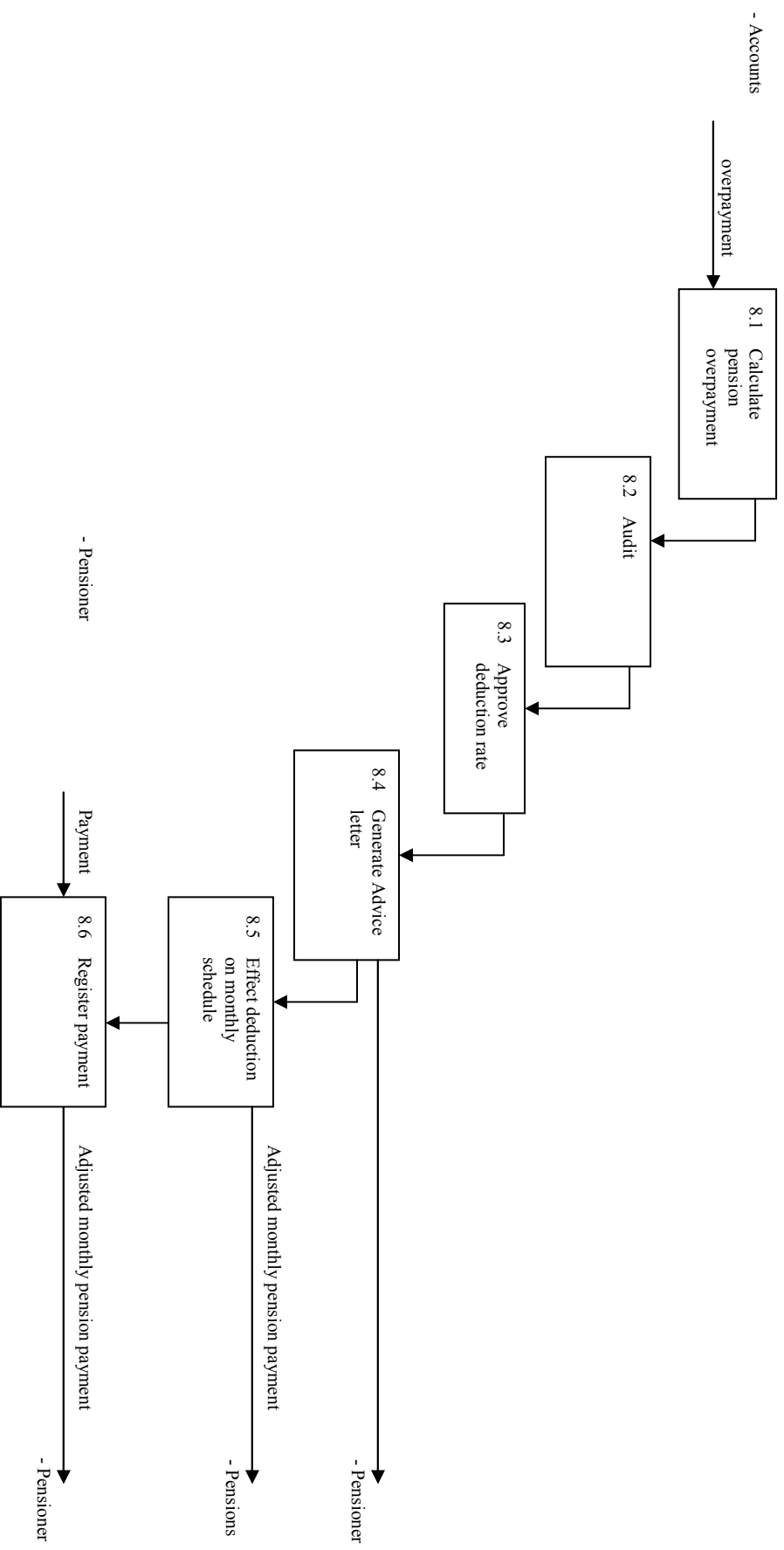


Diagrams reproduced from: Ernst & Young. Government of Zimbabwe, Ministry of Finance, FMS Project Deliverables, Volume 1 (July 1998).

**PENSIONS OFFICE**  
**Systems Requirements Analysis (SRAs) Project**

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**Recoveries (Overpayment) - Process Flow**



## Appendix H

### NATIONAL ARCHIVES STANDING INSTRUCTIONS FOR THE DISPOSAL OF RECORDS

#### CLASSES OF RECORD ACCOUNTING & OTHER THAT MAY BE DESTROYED 1 YEAR AFTER AUDIT

#### CLASSES COMMON: ACCOUNTING

DESCRIPTION OF RECORD (1)	RETENTION PERIOD (2)
1 Accounting correction slips and control vouchers.	Destroy after 1 year subject to being audited
2 Advices of goods awaiting despatch by rail or road. Advices of goods received by rail or road; delivery sheets; waybills	Destroy 1 year after the despatch of the goods Destroy 1 year after the receipt of the goods (unless the advice is a supporting document to a payment when it is retained as one with the voucher)
3 Appropriation Expenditure; Income Proof sheets	Destroy after 1 year subject to being audited
4 Creditors Proof sheets	Destroy after 1 year subject to being audited
5 Cash books — petty cash	Destroy after 1 year subject to being audited
6 Cash receipts schedules	Destroy after 1 year subject to being audited
7 Cheques — counterfoils	Destroy after 1 year subject to being audited



<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
8 Credit sales: returns	Destroy after 1 year subject to being audited
9 Creditors Proof sheets (machine carbon copies backing sheets)	Destroy after 1 year subject to being audited
10 Creditors schedules	Destroy after 1 year subject to being audited
11 CNED hire charge statements	Destroy after 1 year subject to being audited
12 Delivery books: orderlies	Destroy 1 year from the last entry
13 Delivery sheets	Destroy 1 year after receipt of goods
14 Expenditure proof sheets	Destroy after 1 year subject to being audited
15 Expenditure analysis sheets	Destroy after 1 year subject to being audited
16 Expired car authorities	Destroy after 1 year subject to being audited
17 Furniture and equipment: routine correspondence	Destroy after 1 year subject to being audited
18 Leave returns	Destroy after 1 year
19 Postal matters - routine correspondence	Destroy after 1 year
20 Railway advice notes	Destroy after 1 year receipt of goods
21 Remittance advices	Destroy after 1 year subject to being audited

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
22 Remittance correspondence & returns, registers	Destroy after 1 year subject to being audited
23 Reconciliation statements	Destroy after 1 year subject to being audited
24 Requisitions; inter-departmental	Destroy after 1 year subject to being audited
25 Supply and delivery of goods: routine correspondence	Destroy after 1 year
27 Telegram books (carbon copies)	Destroy after 1 year
28 Telephones - routine correspondence	Destroy after 1 year
29 Transport, routine correspondence concerning provision of transport for the movement of officers	Destroy after 1 year
30 Trial balances	Destroy after 1 year subject to being audited
31 Unsuccessful tenders—all papers	Destroy after 1 year from the date of the award of contract
32 Vehicle logs - correspondence & returns (Depts other than CMED)	Destroy after 1 year subject to being audited
33 Vehicle logs - summaries (Depts other than CMED)	Destroy after 1 year subject to being audited
34 Waybills	Destroy 1 year after receipt of goods

**NATIONAL ARCHIVES  
STANDING INSTRUCTIONS FOR THE DISPOSAL OF RECORDS**

**CLASSES OF RECORD ACCOUNTING & OTHER THAT  
MAY BE DESTROYED 2 YEARS AFTER AUDIT**

**CLASSES COMMON: ACCOUNTING**

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
1 Annual reports: drafts and contributory material	Destroy after 2 years
2 Annual reports: correspondence relating to preparation printing and distribution	Destroy after 2 years
3 Application for employment - unsuccessful	Destroy after 2 years
4 Bank deposit slips	Destroy after 2 years subject to being audited
5 Bank statements	Destroy after 2 years subject to being audited
6 Business licences	Destroy after 2 years subject to being audited
7 Consignment notes	Destroy after 2 years from date of delivery
8 Contracts	Destroy after 2 years
9 Employment applications for	Destroy after 2 years
10 Estimates of revenue and expenditure	Destroy after 2 years

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
11 Hotel levy - remittance advices	Destroy after 2 years subject to being audited
12 Log Books - vehicles	Destroy after 2 years subject to being audited
13 Money orders - receipts	Destroy after 2 years subject to being audited
14 Monthly returns and reports (excluding financial returns)	Destroy after 2 years
15 Movable assets - schedule and correspondence	Destroy after 2 years subject to being audited
16 Rail warrants - correspondence	Destroy after 2 years subject to being audited
17 Rail warrants - counterfoils or copies	Destroy after 2 years subject to being audited
18 Ration returns	Destroy after 2 years subject to being audited
19 Registered letter books	Destroy 2 years from last entry
20 Rent: schedules and returns	Destroy after 2 years subject to being audited
21 Reports - annual and monthly	Destroy after 2 years
22 Requisitions (duplicate copies retained by requisitioning office; routine correspondence)	Destroy after 2 years subject to being audited
23 Returns and summaries Expenditure/Revenue	Destroy after 2 years subject to being audited

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
24 Running files (also known as “Third Copy” files)	Destroy after 2 years
25 Successful tenders - all papers for services and for supply of goods where a guarantee is given	Destroy after 2 years from the expiry of the contract
26 Tenders and Government contracts - schedules of contracts (issued by the Tender Board)	Destroy after 2 years
27 “Third copy” files	Destroy after 2 years
28 Time sheets	Destroy after 2 years subject to being audited
29 Workshop, job sheets	Destroy after 2 years subject to being audited

**NATIONAL ARCHIVES  
STANDING INSTRUCTIONS FOR THE DISPOSAL OF RECORDS**

**CLASSES OF RECORD ACCOUNTING & OTHER THAT  
MAY BE DESTROYED 3 YEARS AFTER AUDIT**

**CLASSES COMMON: ACCOUNTING**

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
1 African staff: unestablished: routine correspondence	Destroy after 3 years
2 Audit queries	Destroy after 3 years subject to being audited
4 Advances – salaries	Destroy after 3 years subject to being audited
3 Audit reports	Destroy after 3 years subject to being audited
5 Board of Survey	Destroy after 3 years subject to being audited
6 Cash Books: Income	Destroy after 3 years subject to being audited
7 Debtors personal files (fully paid up)	Destroy after 3 years after final payment
8 Disallowance books	Destroy after 3 years subject to being audited
9 Invoices	Destroy after 3 years subject to being audited
10 Invoices - books	Destroy after 3 years subject to being audited

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
11 Mileage returns	Destroy after 3 years subject to being audited
12 Movable assets - books	Destroy after 3 years subject to being audited
13 Rail Warrants - originals	Destroy after 3 years subject to being audited
14 Receipts and postage requisitions	Destroy after 3 years subject to being audited
15 Receipts and returns: cash accounts	Destroy after 3 years subject to being audited
16 Receipt books	Destroy after 3 years subject to being audited
17 Remittances received through the post	Destroy after 3 years subject to being audited
18 Requisitions - Tradesmen's	Destroy after 3 years subject to being audited
21 Stock cards ledgers	Destroy after 3 years subject to being audited
22 Stock taking sheets	Destroy after 3 years subject to being audited
23 Tenders	Destroy after 3 years subject to being audited

## NATIONAL ARCHIVES

### STANDING INSTRUCTIONS FOR THE DISPOSAL OF RECORDS

**CLASSES OF RECORD ACCOUNTING & OTHER THAT MAY  
BE DESTROYED 5 YEARS AFTER AUDIT**

**CLASSES COMMON: ACCOUNTING**

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
1 Requisition on London Office (including overseas indents)	Destroy after 4 years subject to being audited



## NATIONAL ARCHIVES

### STANDING INSTRUCTIONS FOR THE DISPOSAL OF RECORDS

**CLASSES OF RECORD ACCOUNTING & OTHER THAT MAY  
BE DESTROYED 5 YEARS AFTER AUDIT**

**CLASSES COMMON: ACCOUNTING**

DESCRIPTION OF RECORD (1)	RETENTION PERIOD (2)
1 Advances temporary deposits, disallowances and surcharge ledgers	Destroy after 5 years subject to being audited
la African gratuities	Destroy after 5 years subject to being audited
2 Balance sheets	Destroy after 5 years subject to being audited
3 Cash Books: cash accounts	Destroy after 5 years subject to being audited
4 Appropriation account	Destroy after 5 years subject to being audited
5 Imprest deposit and contingency	Destroy after 5 years subject to being audited
6 Cheques paid	Destroy after 5 years subject to being audited
7 Creditors cards	Destroy after 5 years subject to being audited
8 Creditors ledger sheets	Destroy after 5 years subject to being audited
9 Creditors Journals	Destroy after 5 years subject to being audited

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
10 Contingency accounts	Destroy after 5 years subject to being audited
11 Debtors personal ledger cards	Destroy after 5 years subject to being audited
11a Electricity and water accounts (See creditors cards)	Destroy after 5 years subject to being audited
12 Expendable returns	Destroy after 5 years subject to being audited
13 Establishment - paysheets	Destroy after 5 years subject to being audited
14 Establishment voted monies: appropriation ledges	Destroy after 5 years subject to being audited
15 Establishment voted monies: cash books	Destroy after 5 years subject to being audited
16 Floating advances	Destroy after 5 years subject to being audited
17 Imprest Accounts (see cash books)	Destroy after 5 years subject to being audited
18 Imprest Deposit and contingency account's (see cash books)	Destroy after 5 years subject to being audited
19 Journals (see creditors journals)	Destroy after 5 years subject to being audited
20 Ledgers: Appropriation	Destroy after 5 years subject to being audited
21 Ledgers: Deposit and contingency accounts	Destroy after 5 years subject to being audited
22 Letters despatched: Register	Destroy 5 years from last entry

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
23 Letters received: Registers	Destroy 5 years from last entry
24 Machine cards expenditure	Destroy 5 years from last entry
25 Overtime pay and allowances	Destroy after 5 years subject to being audited
26 Overtime schedules	Destroy after 5 years subject to being audited
27 Pay salaries and wages	Destroy after 5 years subject to being audited
28 Pay acquittance rolls and summaries	Destroy after 5 years subject to being audited
29 Pay adjustments correspondence and registers	Destroy after 5 years subject to being audited
30 Pay allowances	Destroy after 5 years subject to being audited
31 Pay seductions	Destroy after 5 years subject to being audited
32 Pay ledgers	Destroy after 5 years subject to being audited
33 Paysheets	Destroy after 5 years subject to being audited
34 Pay stoppages	Destroy after 5 years subject to being audited
35 Post office warrants cashed	Destroy after 5 years subject to being audited
36 Presented	Destroy after 5 years subject to being audited

<b>DESCRIPTION OF RECORD (1)</b>	<b>RETENTION PERIOD (2)</b>
37 Refunds from revenue	Destroy after 5 years subject to being audited
38 Rail Road, Port and Agency accounts	Destroy 5 years from last entry
39 Routine correspondence relating to accounting procedures, allowances, creditors, deductions pay refund, stop order, travelling expenses	Destroy after 5 years subject to being audited
40 Sub collectors schedules of accounts	Destroy after 5 years subject to being audited
41 Supporting cash vouchers (see cash accounts)	Destroy after 5 years subject to being audited
42 Temporary deposits	Destroy after 5 years subject to being audited
43 Virements	Destroy after 5 years subject to being audited
44 Vote expenditure cards	Destroy after 5 years subject to being audited
45 Vouchers: cash and journal supporting documents	Destroy after 5 years subject to being audited
46 Warrants, paid	Destroy after 5 years subject to being audited
47 Write offs	Destroy after 5 years subject to being audited
<u>TRUST FUNDS</u>	
1 All accounting records relating to <u>TRUST FUNDS</u> should be retained permanently ie Cash Books, Ledgers etc.	



4 FILING CONTROL SYSTEM: eg alphabetical, numeric etc.

5 FILING EQUIPMENT (type and size)

7 STORAGE

(i) Office (how long)

(ii) Records Centre Operations – Awareness

(iii) Date of Last Deposit

8 VITAL RECORDS PROGRAMME (Information absolutely vital to the survival and reconstruction of the organisation)

9 ACCESS TO REGISTRY (Unauthorised entry etc)

10 SECURITY PRECAUTIONS OF RECORDS AGAINST:

(a) Fire

(b) Pests

(c) Sunlight

(d) Dust

***PROBLEMS/OBSERVATIONS***

RECORDS TRANSFER

TRAINING

Survey Conducted By: \_\_\_\_\_